Daily Report

Central Eurasia

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Central Eurasia

FBIS-SOV-94-218 *10 November 1994*

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ITAR-TASS Carries Press Review for 10 Nov

LD1011080094 Moscow ITAR-TASS in English 0657 GMT 10 Nov 94

["Press Review"—ITAR-TASS headline]

[FBIS Transcribed Text] Moscow Nov 10 TASS—Moscow-based newspapers run articles on the occasion of militia day which is marked on Thursday.

ROSSIYSKIYE VESTI carries an interview with Russian Interior Minister Viktor Yerin who emphasised that even in such a complex crime situation "we must adhere to the rules of law".

The newspaper gives Interior Ministry data according to which crime grows at the highest rate in Kursk, Tambov, Orenburg, Penza, Amur, Leningrad, and Novosibirsk regions, the Ingush Republic, St. Petersburg and Moscow.

The press comments on personnel appointements in the Russian leadership.

IZVESTIYA, commenting on the appointment of Yevgeniy Yasin the Russian minister of economics, expresses hope that such "wise and level-headed market advocate as Yasin, who is concerned over the destiny of industry in no lesser degree than over macroeocnomic stabilisation, will be able to implement what his associates and predecessors failed to accomplish".

ROSSIYSKIYE VESTI believes that the appointment of Yevgeniy Yasin "neutralises the opposition's personnel concessions". The newspaper recalls Yasin's latest forecast: the country will be able to begin to get out of the crisis not later than in 1996-1997.

NEZAVISIMAYA GAZETA is of the opinion that the appointment of Aleksandr Livshits as assistant to the president on economic affairs and on relations with the parliament "is as important as the installing of a fire extinguisher in a fire-and explosion-prone place".

KOMSOMOLSKAYA PRAVDA, commenting on the outcome of the presidential election in Tajikistan, observes that, contrary to grim predictions, the polling in the republic went off without bloodshed.

KOMSOMOLSKAYA PRAVDA carries an interview with President Alyaksandr Lukashenka of Belarus, who spent ten days to take medical treatment in Sochi. In response to a question whether he succeeded in accomplishing much within the first 100 days of his presidency, Lukashenka said: "I promised three things during the election campaign: to fight inflation and corruption, and to promote alliance with Russia and other republics. I work on each of these aspects".

KRASNAYA ZVEZDA (RED STAR) carries an item which emphasises that the draft budget for 1995 makes the programme for the construction of housing for the army unrealistic.

The newspaper recalls that as of now, out of 132,000 families of servicemen who have no housing, more than 79,000 commissioned and non-commissioned officers live on office premises and in private lodgings, about 52,000 families live in hostels and hotels, and almost 1,000 families have to dwell in caravans and tents.

NEZAVISIMAYA GAZETA carries an exclusive interview with Swedish diplomat Anders Bjorner, who was recently appointed the presiding officer at sessions of the Minsk Group of the Conference on Security and Cooperation in Europe (CSCE).

At present the Minsk Group of the CSCE thoroughly studies the possibility of forming an international peacekeeping contingent in the area of the Armenian-Azerbaijani conflict.

The CSCE Senior Officials Committee, at its regular meeting in Budapest on November 18, will consider matters related to the formation of a peacekeeping force, the Swedish diplomat said.

NEZAVISIMAYA GAZETA analyses the results of the elections to the U.S. Congress. The newspaper believes that "the Republicans' control over the Congress may lead to a chill in relations between Moscow and Washington."

KOMSOMOLSKAYA PRAVDA runs an interview with former Russian Deputy Foreign Minister Vitaliy Churkin, who leaves Moscow on Friday for Brussels as the Russian ambassador to Belgium.

Asked whether Russia needs to join NATO, Churkin said the matter is not put in this way now. "what we need now is one thing: a recognised right for Russia to act as it deems necessary if the NATO enlargement issue is raised," Churkin said.

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Paper on U.S. Elections, Clinton, Congress

MM1011092594 Moscow ROSSIYSKIYE VESTI in Russian 10 Nov 94 p 3

[Report by Ilya Baranikas: "Halfway Stage Elections—Halfway to Where?"]

[FBIS Translated Text] New York—The preliminary results of the U.S. elections show that the Republican Party has made substantial gains: For the first time since 1986 it will have the majority of seats in the Senate and, for the first time in 40 years, in the House of Representatives. What effect will this have on the Clinton administration's activity?

On 7 November, the eve of election day, ABC-TV carried the results of a poll it had conducted: President Clinton's popularity was up for the third month running. Whereas in September 44 percent of those polled approved his activity in the top state post, in October the figure was 48 percent, and this month it had risen to 52 percent. But the president was not the issue in the 8 November elections.

In the United States these elections are known as "midterm elections"—the middle of the incumbent President's term in office. According to the Constitution, 35 senators (out of 100), the entire House of Representatives (435 seats), governors in 36 out of 50 states, and a number of other representatives of power were up for reelection.

The preliminary results (on the evening of 8 November) confirmed the gloomy predictions for the Democrats: The majority of voters had voted for the Republicans.

How does Clinton's growing popularity square with his party's unpopularity? Clinton had gained several points—for how long is not known—thanks to some recent foreign policy successes (the Israel-Jordan peace agreement, cooperation with Russia, the restoration of the lawful government of Haiti, and so forth). His fellow Democrats in Congress and in the governor's mansions were not involved in foreign policy which is why they experienced the customary dissatisfaction of the U.S. voters with the people in power regardless of the to which they party belong. What precisely caused the voters' discontent? Things seem to be progressing quite well in the country—the levels of inflation and unemployment are low, the economy is growing steadily.... But there are other questions worrying people: For instance, the Republican candidates won many votes by campaigning on the need to restore traditional moral values, the loss of which has produced rampant crime. Incidentally, the Republicans' tougher approach to the fight against crime was one of the main reasons for their victory.

But perhaps the Americans simply do not like politicians sitting too long in the warm seats of government? If that is the case, why did they reelect Edward Kennedy, the Democrat who has been in the Senate for 32 years now? The ways of democracy are inscrutable...

The U.S. elections are more a vote for specific people than for representatives of parties. The politicians themselves do not always observe party solidarity: For example, New York's Republican Mayor Rudolph Giuliani supported the state's Democrat Governor Mario Cuomo (although this did not save Cuomo from defeat). The same thing happened in Los Angeles. The multimillionaire and former independent presidential contender Ross Perot supported the Democrat Governor of Texas Ann Richards, even though he criticizes the party as such. Only the top officials of the political hierarchy—the President, the vice president, and the leaders of party factions in the Senate and the House—supported members of their party alone during the election campaign.

...What do the results of the midterm elections mean for President Clinton? It will be harder for him now to work with a Congress which is under the control of his political opponents (even though they often get the support of the right wing of Clinton's party—the "conservative democrats"). Instead of a reliable ally in the former House Sepaker Tom Foley, he will now have to deal with a new speaker—Newton Gingrich, his sworn enemy in the Republican Party. The President's legislative initiatives—including in regard to cooperation with Russia—will meet with the resistance of the Republican majority in both houses of Congress. The administration's ability to act will be diminished and that will hardly help Bill Clinton win in two years' time when he will surely want to run for a second term—the final term under the Constitution. He entered the White House on a wave of voter discontent with the government of the day. That wave could sweep him out of the White House in 1996.

UK's Hurd, Russian Envoy Discuss Iraq, Kuwait

LD0911195594 Moscow ITAR-TASS in English 1932 GMT 9 Nov 94

[By ITAR-TASS correspondent Igor Polskiy]

[FBIS Transcribed Text] London November 9 TASS—Great Britain will view Iraqi recognition of Kuwait as a step forward, but it would like to thoroughly examine any statement by Baghdad on this issue, a Foreign Office spokesman said in London on Wednesday.

Douglas Hurd, British secretary of state for foreign and commonwealth affairs, received on Wednesday Russia's ambassador Anatoliy Adamishin who informed Hurd about the letter delivered to the Russian foreign minister on Tuesday by Iraqi Deputy Foreign Minister Tariq 'Aziz, according to the spokesman.

Hurd told Adamishin that to formally recognise Kuwait, Iraq would have to amend its Constitution, which was altered during Iraq's annexation of this oil-rich state in 1990.

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Even if Iraq recognises Kuwait, it will still need to comply with the U.N. resolution on the scrapping of its weapons of mass destruction, the Foreign Office spokesman added.

Foreign Ministry Sees 'Victory' in Diplomacy With Iraq

LD0911141894 Moscow Russian Television Network in Russian 1300 GMT 9 Nov 94

[From the "Vesti" newscast]

[FBIS Translated Text] At today's meeting with journalists Viktor Posuvalyuk, representative of the Russian Foreign Ministry, said that Iraq has once again confirmed its preparedness to recognize Kuwait's independence within the existing borders. This was mentioned in Saddam Husayn's message to Boris Yeltsin which Iraqi Vice Premier Tariq 'Aziz brought to Moscow. Russia gave an immediate response. The president instructed Andrey Kozyrev to fly to Baghdad to meet with Saddam. On the same day the Iraqi National Assembly will be convened to announce the recognition of Kuwait's sovereignty, and only after that will the Baghdad authorities make a relevant statement at the UN Security Council.

This decision by Iraq is an undeniable victory for Russian diplomacy, Posuvalyuk said. In addition, it could have a considerable effect on the issue of lifting the economic sanctions against Iraq. After the ban on oil exports has been lifted Iraq will be able to return a debt of $7 billion to Russia. The United States, however, is against lifting the embargo because it believes that Iraq's recognition of Kuwait does not remove a number of other controversial issues.

But let us go back to our interests. Russia maintains close economic ties with all Persian Gulf countries. Recently a number of military and technical agreements were signed with Kuwait, while neighboring Oman's companies are working to modernize our oilfields in Siberia. In a word, economic rivalry between the two superpowers is obvious, and politicians are carrying out the will of the economy. Perhaps this explains their ever more frequent visits to the region.

Kozyrev's Visit To Baghdad Outlined

LD0911221594 Moscow ITAR-TASS World Service in Russian 1438 GMT 9 Nov 94

[By ITAR-TASS diplomatic correspondent Dmitriy Gorokhov]

[FBIS Translated Text] Moscow, 9 Nov—For the first time in the history of Iraqi-Kuwaiti relations it has become possible, thanks to Russia's efforts, to achieve a clearly formulated recognition of Kuwait by Baghdad. This was said today by Viktor Posuvalyuk, head of the Near East and North Africa Department of the Foreign Ministry, before he flew out to Iraq as part of the Russian delegation headed by Andrey Kozyrev. He said that the recognition by Iraq of Kuwait's state independence and its borders was unconditional, and will be implemented in accordance with the norms of international law and Iraq's constitutional procedures.

Viktor Posuvalyuk recalled that in his message to Boris Yeltsin, Saddam Husayn had expressed his readiness to recognize clearly and unambiguously the sovereignty and borders of Kuwait in accordance with UN Security Council Resolution No. 833. The message was handed over in Moscow on the previous day by Tariq 'Aziz, deputy prime minister of Iraq, who had had a detailed conversation with Andrey Kozyrev. The contents of this important conversation were immediately reported to the president who gave instructions to the head of the Russian Foreign ministry to fly to Baghdad urgently.

On arrival in Baghdad, V. Posuvalyuk said, the Russian minister is planning to meet President Saddam Husayn this evening. The next day he will be present at an extraordinary meeting of the National Council, which is to be convened in the Iraqi capital. The country's supreme legislative body is to announce its decision to recognize the sovereignty of Kuwait and its borders. Following this, there will be a meeting of the Council of the Revolutionary Command of Iraq, which will pass the same decision. The government of Iraq, observing all international norms, will then inform the UN Security Council that it has recognized the independence and borders of its neighbor.

On Thursday [10 November] evening Andrey Kozyrev is planning to return to Moscow. The Russian side will provide information on the results of the trip to the members of the UN Security Council, the Arab states, and a number of other countries with which it is cooperating closely to stabilize the situation in the region. The diplomat noted that on Friday he would have a meeting in Moscow with the Kuwaiti ambassador with whom he had had a conversation just before the trip.

Russia does not intend to hide anything but, on the contrary, would like its initiative to be properly understood. "The importance of this initiative is that by using the potential of trust that Russia enjoys in the region, we have managed for the first time in the history of Iraqi-Kuwaiti relations to achieve a clear, unambiguous, and constitutionally formulated recognition by Iraq of the independence and borders of Kuwait," Viktor Posuvalyuk stressed.

Now, the diplomat pointed out, it is a question of transferring decisions on settling the Iraqi-Kuwaiti crisis onto the path of long-term security measures. It is necessary to seek a reliable security system for all countries in the region, and here Russia is prepared to actively promote the strengthening of measures of trust and the prevention any new conflicts, V. Posuvalyuk noted.

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Kozyrev Arrives in Baghdad

LD0911180794 Moscow ITAR-TASS World Service in Russian 1744 GMT 9 Nov 94

[FBIS Translated Text] Nicosia, 9 Nov ITAR-TASS—Russian Foreign Minister Andrey Kozyrev arrived in Baghdad today. The purpose of the visit of the head of the Russian foreign political department is to convince the Iraqi leaders of the need to give legal formulation to Baghdad's obligations regarding acknowledgement of Kuwait's sovereignty and borders.

'Delighted' at Saddam's 'Political Wisdom'

LD1011102694 Moscow ITAR-TASS World Service in Russian 1000 GMT 10 Nov 94

[FBIS Translated Text] Baghdad, 10 Nov (ITAR-TASS)—"I am delighted at the political wisdom of Saddam Husayn, who has decided to recognize Kuwait's sovereignty and the integrity of Kuwait's border," said Russian Foreign Minister Andrey Kozyrev who is visiting here, speaking at the opening of the [Iraqi] National Council. Addressing the members of parliament, the Russian minister expressed hope that the Iraqi parliamentarians will officially approve their leader's decision.

Addresses Iraqi Parliament

LD1011113494 Moscow ITAR-TASS World Service in Russian 1052 GMT 10 Nov 94

[FBIS Translated Text] Baghdad, 10 Nov (ITAR-TASS)—Today, prior to the opening of the special session of Iraq's National Council, Russia's Foreign Minister Andrey Kozyrev met Iraqi President Saddam Husayn.

Speaking at the opening of the parliament's special session, the Russian minister, addressing those present, said: "The future of the Iraqi people is in your hands and in the hands of the Revolutionary Command Council. The step taken to recognize Kuwait is demonstrating to the world that Baghdad is a factor for stability and not for military crisis. While Kuwait is not recognized, Iraq's security cannot be guaranteed. I am sure that members of parliament will make the far reaching and wise decision which will secure the future of the Iraqi people."

Members of the Iraqi parliament stood and applauded the words of Andrey Kozyrev.

Iraq's Deputy Prime Minister Tariq 'Aziz and Foreign Minister Muhammad Sa'id al-Sahhaf are present at the special parliamentary session.

Further on Kozyrev Speech

LD1011124894 Moscow ITAR-TASS World Service in Russian 1200 GMT 10 Nov 94

[By ITAR-TASS special correspondents Aleksandr Yelistratov and Yuriy Kozlov]

[FBIS Translated Text] Baghdad, 10 Nov (ITAR-TASS)—The clear-cut recognition by Iraq of the sovereignty and international borders of Kuwait is crucial for securing peace in the Persian Gulf zone. This was stated today by Russian Foreign Minister Andrey Kozyrev when he spoke to members of the Iraqi National Council (parliament). The Russian foreign minister expressed hope that the Iraqi parliamentarians will support the decision by the country's Revolutionary Command Council on Iraq's compliance with UN Security Council Resolution 833.

"Without peace with its neighbors it is not possible to guarantee Iraq's security," A. Kozyrev said. "Voting for it, you will cast your vote for the lasting security of Iraq itself and for taking the issue of lifting sanctions out of the deadlock at the UN Security Council, which is a great burden for the people of your country. The path toward the final overcoming of the economic blockade and confrontation in the region is a long path but we have already begun to move along it. Many provisions of the UN Security Council providing for putting Iraq's military potential within the limits of reasonable sufficiency for its defense have already been implemented."

The minister also added that Russia no doubt is interested more than anybody else in a speedy advance toward lasting peace in the Persian Gulf zone. "We have proved it once more quite recently by having averted a new military threat from the southern border of your country," he said. "Peace based on legality and justice will allow Russia to restore its close ties with Iraq—our long-standing and important partner in the Arab world."

Andrey Kozyrev told ITAR-TASS during a break in the session: "We hope that the Security Council will make an appropriate decision in response to Iraq demonstrating a constructive stand." The minister noted that "this is only the start of the process which is to be gone through. However, it is very important to take reciprocal steps in order to incline Iraq toward further implementation of the requirements of the UN Security Council."

Andrey Kozyrev said that this morning he met with Iraq's President Saddam Husayn and they discussed matters relating to ensuring security in the region as well as the development of bilateral relations between Russia and Iraq.

This afternoon members of Iraq's National Council should make a final decision on recognition of the sovereignty of Kuwait and its border. According to information obtained by the ITAR-TASS correspondent from conversations in the corridors with Iraqi representatives, it is virtually a foregone conclusion that there will be a positive outcome. S. Husayn, who confirmed his support for implementing the stipulations of the UN Security Council resolution in talks with A. Kozyrev, will advocate this decision. According to information from the same sources, the Iraqi president's position is that recognizing Kuwait is only the first step on the way to establishing peace in the region and further political settlement of the situation.

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Diplomat: Russia Will Not Be 'Advocate' for Saddam

MM0911153694 Moscow IZVESTIYA in Russian 10 Nov 94 pp 1, 3

[Report by Konstantin Eggert: "In Andrey Kozyrev's Life There Will Always Be Room for a Celebration"]

[FBIS Translated Text] The Russian foreign minister has gone on a visit to Baghdad again. He has left Moscow in order to attend as guest of honor the ceremony of official recognition of Kuwait in Iraq's National Assembly (parliament).

People at the Foreign Ministry assert: Moscow intends to continue the dialogue with Baghdad, seeking to make Saddam Husayn fulfill all the UN demands. The lightning trip to the Russian capital by Iraqi vice premier Tariq 'Aziz was apparently assessed on Smolensk Square [at the Foreign Ministry] as evidence that Baghdad is preparing to satisfy the demands of the international community. Saddam prefers to act via the Kremlin. The reason: the desire to save face and gradually give way to the Russian intermediaries, and not direct to the UN—the "instrument of American imperialism." The dictator is thus skillfully exploiting Moscow's desire to play a more pronounced role in the Near East.

"After the decision to recognize Kuwait, the atmosphere will be significantly less strained," a high-ranking Russian diplomat believes. "However, this does not mean that we will slacken the pressure on Iraq. Russia does not intend to act as advocate for Saddam Husayn." According to our interlocutor, the Baghdad regime will still have to implement in full all the points of Security Council Resolution 687 concerning disarmament—the main condition for the lifting of the oil embargo.

As for recognition of Kuwait's sovereignty, the inevitability of this step has recently become obvious even to Baghdad. Saddam has realized that he will have to say good-bye forever to the dream of "privatizing" the freedom-loving emirate that has Washington's patronage.

Foreign Ministry staffers do all they can to avoid talking about the interests of Russian oil companies, whose representatives never tire of making statements in support of lifting the sanctions on Iraq. But in general terms the Foreign Ministry staffers' displeasure with the sector lobby's interference in state policy is very marked.

"We do not intend to construct a long-term state policy according to the directives of the fuel and energy complex," one Ministry expert says. "Cooperation with the Iraqis in future is undoubtedly something that would be advantageous, but it is time we stopped backing chosen partners in one region or another, as used to happen in Soviet times. We should have many points of support."

There are also skeptics who regard the Russian oil barons' hopes of advantageous contracts with Iraq as utopian. "Husayn is generous with his promises, but when the sanctions are lifted, he is not going to want to share the profits," one pessimist observed. "As soon as the embargo is lifted, the big Western companies will start fighting over the Iraqi oil pie."

In that case our firms can only count on a small percentage, as has happened before in Azerbaijan, which is far more dependent on Russia.

Foreign Ministry representatives, seeking to avoid a repetition of the mistakes of October, when Andrey Kozyrev's trip to Baghdad provoked a storm of criticism both in Russia and in the West, emphasize in every way that the repayment of the 7-billion Iraqi debt is regarded only as a prospect for the strategic term. Moscow is thereby trying to guard against accusations of shortermism.

The United States is hardly likely to trust the Kremlin all the way. The White House has already stated that recognition of Kuwait's sovereignty does not mean automatic relaxation of the sanctions.

The Americans will not in principle accept reconciliation with Husayn, and will probably make more and more new demands on Baghdad. "The fate of this issue will ultimately be decided in Washington," one Smolensk Square realist observed in a private conversation.

Oil Company's Call To End Iraq Sanctions 'Senseless'

MM0911174794 Moscow IZVESTIYA in Russian 10 Nov 94 p 3

[Report by Elmar Guseynov: "Saddam Retains Hope While Russia Is With Him"]

[FBIS Translated Text] "As soon as UN economic sanctions are lifted from Iraq we must be ready to work and extract oil there"—this statement by Leonid Fedun, vice president of Russia's Lukoil company, has given a glimpse of the complex behind-the-scenes struggle under way in Russia's top echelons to elaborate at least some kind of meaningful course vis-a-vis the countries of the Persian Gulf.

It is no accident that Fedun's statement was made public literally on the eve of the visit to Moscow by Iraqi Deputy Prime Minister Tariq 'Aziz. Nor is it an accident either that all this is taking place in the runup to Viktor Chernomyrdin's visit to the Persian Gulf. The Russian premier plans to visit Saudi Arabia, Kuwait, the United Arab Republic [UAR], and Oman 19 through 24 November. Questions concerning supplies of Russian weapons could become central to the problems discussed.

But it is no secret to anyone that these states are open enemies of the present Baghdad regime. It is difficult to imagine a situation whereby it will be possible simultaneously to develop full-fledged economic cooperation

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with the Gulf shaykhs and their enemy Saddam Husayn, particularly as, judging by statements by the leaders of the Rosvooruzheniye concern and Foreign Minister Andrey Kozyrev, the Kremlin does not in principle rule out the possibility of renewing the supply of weapons to Iraq—after, of course, sanctions are lifted.

Today Moscow is Saddam's main and perhaps only hope of getting the embargo lifted. Already since Andrey Kozyrev's recent visit to Baghdad this has been stressed yet again by Baghdad's main semiofficial organ BABIL. This newspaper is edited by Saddam Husayn's son 'Udayy. Recently in one of his articles 'Udayy demanded that Iraqi diplomats "concentrate on Russia their efforts to get the sanctions against Iraq lifted [no end quotes as published]. Tariq 'Aziz' present visit is an integral part of this Iraqi diplomatic course.

In its efforts to enlist Russia's help in removing the embargo Baghdad is not sparing with promises. IZVESTIYA has already written about how the Iraqis are promising Russian officials who are not overpunctilious orders worth billions, even though an elementary assessment of Iraq's economic potential shows that Iraq will not have those billions available in the immediate years to come.

Experience of past years also shows that lifting the economic sanctions on Iraq is impossible without the agreement of the U.S. administration, which has repeatedly stated that it will oppose such a decision so long as Saddam Husayn remains in power in Baghdad. Given these conditions, Iraq's economic impotence could drag on for an infinitely long time.

The problem, however, is not only that support for the Baghdad regime in these conditions sets Russia at loggerheads with the United States. Nor even that this clash is economically senseless because Iraq cannot meet its promises. The more important consideration is that the countries of the Persian Gulf are already a promising market which has not yet been developed by Russia. They are more solvent. They are extremely interested in diverting Russian politicians from their traditional and now absolutely futile support for the Baghdad dictator.

It is perfectly possible that they will for that reason be willing to share part of that cake with the Russians in the shape of their arms market, which the Americans enjoy on their own today. And this amounts to billions of dollars which we could let slip because of support for Baghdad.

In these conditions statements of the kind which Mr. Fedun has made in the runup to Chernomyrdin's visit can only make those who are to meet with our premier nervous. It should not be forgotten that Fedun is actually a servant of the state: Eighty percent of Lukoil's shares belong to the state.

If we are dealing with some kind of precalculated move designed to worry the Gulf shaykhs and thereby spur them into entering into closer cooperation with Moscow, that's fine. But what if we are really dealing with the intention of a corporation which is extremely influential in the corridors of Russian politics to restore full-fledged ties with Iraq? What if Lukoil wants to pressure the premier in the runup to his visit?

Zhirinovskiy: East-West Axis 'Dangerous Correlation'

LD1011083194 Moscow ITAR-TASS in English 0752 GMT 10 Nov 94

[By ITAR-TASS corrrespondent Boris Sitnikov]

[FBIS Transcribed Text] United Nations November 10 TASS—Leader of the Liberal Democratic Party of Russia (LDPR) Vladimir Zhirinovskiy, now on a visit to the United States, held a news conference at the U.N. Headquarters on Wednesday where he spelled out the political platform of his party. The news conference was sponsored by the Association of Correspondents accredited to the United Nations.

"If you were elected Russian president, what policy would you pursue?" asked several correspondents when Zhirinovskiy appeared at the packed to overflowing club of journalists representing all major news agencies of the world.

"We are against any superpower in the world, which would establish its order. Pan-French world, then pan-German, pan-Soviet and now pan-American. Such a situation must be stopped. No world order established by one power.

"Secondly, we are for regional cooperation. States should develop relations mostly with neighbouring nations," Zhirinovskiy replied.

He noted that Russia should develop cooperation, above all, with its neighbours: Finland, Slavic states, China, Japan, Korea, India, turkey and Afghanistan. "Russia should not be very active in Africa, America or South-East Asia.

"The U.S. could be activve in the Western hemisphere, Western Europe—in Africa. I'm for division of spheres of influence along the north-south axis. West-east is a very dangerous correlation," the LDPR leader continued.

He censured U.N. activities in which "there were more negative aspects than positive" over the past few years. "We are against the U.N. interfering in domestic affairs of states. I'm also against embargoes.

"The embargo in Iraq, embargo in Yugoslavia, Libya and Cuba have not yielded any positive results. The leaders of these countries remain. Only children, women, patients and invalids suffer as well as many other countries which could conduct trade and continue economic relations."

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Zhirinovskiy said that if he is elected Russian president, the Russian chief delegate at the U.N. Security Council "will constantly veto embargoes against any country". "No embargo must be anywhere.

"There must be no blockade of any state on earth. This line would be pursued, above all, by our Russian representative at the U.N.," he stressed.

"What is the difference between your policy and the present policy pursued by President Yeltsin?" he was asked.

"The difference is great. He okayed the embargo against all the above countries, I'm against this. We want Russia to conduct an independent foreign policy.

Here are two differences: not to participate in blockades and to pursue fully independent policy, said Zhirinovskiy, adding that he also advocates the return home of all Russian troops from "flash points".

Asked whether there is any identity of views between the LDPR leader and Yeltsin, Zhirinovskiy replied: "We supported the new Constitution, since it provides for a strong presidential regime.

"Our viewpoints concur in this respect: Russia should pull out of the present crisis in the conditions of a strong, even authoritarian regime, since nothing will come out otherwise.

"The Constitution was adopted, but the Constitution has not worked for 11 months along authoritarian regime lines. No positive result can be achieved in Russia now without a strong presidential regime with transition even to an authoritarian regime."

Asked whether the LDPR leader will participate in presidential elections, Zhirinovskiy said: "We shall participate in the presidential elections, and there is a chance for victory, taking into account the results achieved at the last general elections and the present situation in Russia."

PRAVDA Demands Withdrawal If CSCE Treaty Not Revised

MM1011111194 Moscow PRAVDA in Russian 10 Nov 94 p 3

[Article by Pavel Bogomolov: "Sticking to Our Guns"]

[FBIS Translated Text] London—Russians in military uniform are now experiencing hard times. The fight against corruption (and where can you not find it now!) is developing into a denial of defense priorities as such. Foreign pressure on Russia's top brass is increasing. NATO military-political circles' main complaint about Moscow today is linked with its legitimate desire to reliably secure the northwest and southern flanks of the country's European area. And secure them not with ballistic missiles and not with convention-banned mass-destruction weapons but merely with tanks, armored transporters, and artillery.

Does the Kremlin intend to fulfill the CFE Treaty that 30 states concluded in 1990?—this problem figured during the meeting in London between Russian Deputy Foreign Minister G. Mamedov and U.S. Deputy Secretary of State S. Talbott. At first glance the very posing of the question sounds strange: Has Moscow not long since proved that it implements most rigorously and scrupulously any international agreements to which it is a signatory? It certainly has, and the unprecedentedly hurried Russian troop withdrawal from the former Warsaw Pact states and the Baltic countries provides graphic evidence of this.

However, a qualitatively new military-political situation has emerged today from the wreckage of the Soviet Union. Pskov, Novgorod, and St. Petersburg are once again a border zone as they were before the war. Take the North Caucasus, for instance, which until recently was viewed by members of the General Staff in Moscow as being deep inside our strategic rear. Yet today the conflagrations of military conflict are ablaze throughout the area. You cannot stop that with the help of bankrupt "new thinking"; what you need is military force as well, the guaranteed solidity of each echelon of Russian defense. On the basis of the results of the above meeting in London, the well-informed SUNDAY TIMES notes that in these conditions "Russia cannot undertake to fulfill a treaty that was concluded before the breakup of the USSR."

Indeed we cannot. We cannot, although the Norwegians and Turks, whose armed forces loom, as it were, over Russia's northwestern and southern flanks, would like to move even our "truncated," pre-Petrine [Peter the Great, died 1725] lines of defense further into Eurasia. We are also unable to do so because Russia's peacekeeping missions in the "near abroad"—about which the West philosophizes a great deal without showing any willingness to bear the burden of these operations—will be undermined once thousands of pieces of combat hardware have been smelted down. In a word, we must either pull out of the treaty altogether, or certain sections thereof need to be thoroughly revised.

And yet it is typical that Moscow only had to say this in earnest, ruling out more of the concessions that have become painfully commonplace, for the West to immediately start pondering the prevailing situation. Once again it has been confirmed that submissively bowing the head at each historic crossroads is by no means the best way of guaranteeing Russia's interests in areas where quite recently millions of inhabitants of a united, powerful country traveled freely without thought of passport stamps or the risk of ending up in the middle of combat operations. It is high time we took a stand—that is far better and, incidentally, more promising. Faced with our clear arguments regarding the 1990 treaty some senior

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British Foreign Office personnel were forced to acknowledge: "What is needed is to dispel Russian fears and at the same time preserve the document."

Needless to say, it is not ruled out that the Kremlin may at the last minute "display its weakness" and agree for the umpteenth time to something that is impossible and known to be fatal. But, I repeat, today all the preconditions still exist for our sticking to our guns and making at least some overdue adjustments to the document. After all, ultimately we should not go on repeating day in day out that Russia was and still is a great power while in actual fact economizing on vitally important defense-mobilization programs. The internal political "witch-hunt" due primarily to the deep-seated contradictions on Moscow's Olympus is no reason to dismantle the last bastions of the Fatherland's defense, the age-old barriers between its vital centers and the unpredictable outside world.

Davydov Threatens Retaliation on Western Import Curbs

MM0911115394 Moscow RABOCHAYA TRIBUNA in Russian 9 Nov 94 p 2

[Report by Irina Bolshova: "Our 'Friends' Are Bringing Us To Our Knees"]

[FBIS Translated Text] Because of the restrictions established by a number of foreign countries with respect to imports of Russian goods, Russia loses around $3 billion every year, Oleg Davydov, Russian Federation minister of foreign economic relations, told your BIZNES-TASS correspondent.

If our Western partners do not decide to ease their demands as regards Russian goods, then we for our part will be forced to adopt measures to balance out our relations with these countries, the minister noted.

Russia is the only country in the world which has no quantitative restrictions on imports of goods, Oleg Davydov stressed. And discrimination in terms of access to foreign markets for Russian goods cannot fail to generate a negative reaction on the part of the Russian Government.

Demands that we fully open up our market and demands for significant tariff concessions which are being made to us by international organizations would only be only acceptable for a country with a market economy, while many of them have not recognized us as a country with even market-oriented status with the economy of a transitional period.

Shumeyko on Russian-ROK Parliamentary Relations

LD0911181294 Moscow ITAR-TASS World Service in Russian 0602 GMT 9 Nov 94

[By ITAR-TASS special correspondents Lyudmila Yermakov and Ivan Zakharchenko]

[FBIS Translated Text] Seoul, 9 Nov—The parliaments of Russia and South Korea have a great potential for cooperation, Vladimir Shumeyko, chairman of the Federation Council of the Federal Assembly of the Russian Federation, believes. Summing up the results of the Russian legislators' three-day visit to Seoul that ended today, he noted that "although this was a short stay, the two countries' parliamentarians established quite a lot of practical areas for the further development of bilateral links."

The speaker of the upper chamber of the Russian parliament said that the deputies had become convinced that the laws operating in Russia and the Republic of Korea—which is closer to the world level of legislation regulating market relations—noticeably slow down the inflow of South Korean investments into Russia. This was discussed not only at talks in the National Assembly (parliament) of the Republic of Korea and at meetings with businessmen, but also at the top level—with the country's president, Kim Yong-sam.

The head of the Russian delegation proposed that there should be documents setting out the principles of cooperation between the two parliaments, and put forward the idea of signing a joint statement on cooperation. Hwang Nak-chu, speaker of the National Assembly, Vladimir Shumeyko said, noted that although the South Korean legislators had not concluded any such agreements before, they would consider this proposal.

Spokesman Praises Russian-Romanian Relations

LD0911151294 Moscow ITAR-TASS in English 1502 GMT 9 Nov 94

[By ITAR-TASS correspondent Nikolay Morozov]

[FBIS Transcribed Text] Bucharest November 9 TASS—Russian-Romanian relations are developing quite normally and enter a very intensive stage, Grigoriy Karasin, Russian Foreign Ministry's spokesman, told a news conference here today. Karasin was a special guest at the news conference which was traditionally held by the Romanian Foreign Ministry.

The Russian and Romanian public is interested in intensive, stable and predictable relations, and this determines the general mode of their development, Karasin said.

Relations with Romania rate high on the list of Russia's foreign policy priorities, and, although tensions existed formerly, Russian and Romanian experts are able to settle them and come to mutual consent, he said.

Touching upon prospects for signing a bilateral treaty, Karasin called on experts to be more concerned with the future than with the "letter" of the document. This document is intended to replace the Soviet-Romanian treaty of 1970, which Romania had dispised [as received] obsolete.

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He also said that the Russian 14th Army will be withdrawn from Moldavia [Moldova] in 1997, under the Russian-Moldavian agreement to this effect.

Asked about Russia's attitude to Romania's entering NATO, the Russian Foreign Ministry's spokesman said one should be very sensitive and cautious when handling the issues of stability in the continent.

Nobody threatens nobody in new Europe, and these are only fears of the past which must be lived through, he stressed.

Polish Official Regrets Beating of Russians in Warsaw

LD1011111594 Moscow ITAR-TASS in English 1103 GMT 10 Nov 94

[By ITAR-TASS diplomatic correspondent]

[FBIS Transcribed Text] Moscow November 10 TASS—A Polish Foreign Ministry official expressed regret over the incident at the Warsaw railway station where several Russian passengers were beaten up and detained by local police after which Russian Prime Minister Viktor Chernomyrdin postponed his visit to Poland.

"There was an incident. It is bad that it happened, it is a sad incident for us", spokesman of the Polish Foreign Ministry Wladislaw Kliacynski told a press conference in Moscow on Thursday.

However, he insisted that the incident had no national background and that it should not hinder Russian-Polish relations.

"We need each other", he stressed and expressed hope that the postponed visit of Chernomyrdin will soon take place.

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Political Issues

Yeltsin Calls New Government 'More Efficient'

LD1011111094 Moscow ITAR-TASS in English 1056 GMT 10 Nov 94

[By ITAR-TASS correspondent Lyudmila Aleksandrova and Albert Artamonov]

[FBIS Transcribed Text] Izhevsk November 10 TASS—Russian President Boris Yeltsin said on Thursday he had selected new government members himself and believes the new Cabinet is most suitable for reforms.

"The new composition of the government is more efficient for conducting reforms", Yeltsin told reporters upon arrival in the city of Izhevsk for a one-day visit.

He stressed that he personally knows every minister and personally selected every new candidate.

"It was necessary to pour new blood into the government so that it runs faster", Yeltsin commented.

In Udmurtia in east central European Russia Yeltsin is to discuss economic problems and will attend a meeting on anti-crime fight. The crime situation in the republic is worse than on average in Russia and a deputy interior minister has been recently murdered there.

Besides, Yeltsin will congratulate world-famous firearms designer Mikhail Kalashnikov on his 75th birthday and will award him with the recently established order "For Services to the Motherland" which is the second highest Russian decoration after the Hero of Russia star.

Yeltsin Gives Priority to Economic, Budget Problems

LD0911220594 Moscow ITAR-TASS in English 2119 GMT 9 Nov 94

[By ITAR-TASS correspondent Tamara Zamyatina]

[FBIS Transcribed Text] Moscow November 10 TASS—The declining prestige of government was in the focus of a meeting which Russian President Boris Yeltsin held on Wednesday with members of the Presidential Council and experts, a meeting participant told TASS.

The participants arrived at the conclusion that government leaders are now rated lower because "politics in Russia step in the rear just as a good judge at a sports ground". "We stopped harassing the society, that's why the year 1994 was relatively calm", it was said at the meeting.

Yeltsin was said to be especially interested in speeches of newly-appointed Economic Minister Yevgeniy Yasin and IZVESTIYA daily observer Otto Latsis, who emphasized the problem of budget deficit and urged for another foreign credit worth six billion dollars.

In the course of the meeting, the head of state concentrated on economic and budgeting problems, rather than on politics, the source said.

Participants also discussed prospects for drafting federal laws on presidential and parliamentary elections.

Yeltsin Rejects Changes to Mass Media Law

LD1011085394 Moscow ITAR-TASS World Service in Russian 0807 GMT 10 Nov 94

[FBIS Translated Text] Moscow, 10 Nov (ITAR-TASS)—Russia's President Boris Yeltsin has informed State Duma Chairman Ivan Rybkin that he is turning down the federal law "On introducing amendments and additions to the Russian Federation law 'On the mass media.'" The Russian Federation president's press service reported this to ITAR-TASS today.

Explaining his decision, the president stresses that the corrections adopted limit freedom of information, restrict the circle of participants in the sociopolitical life of Russia, and exclude the bodies of state power from being founders of periodical publications. The federal law introducing corrections does nothing to ensure that light is shed fully and comprehensively on the activity of the bodies of state power and worsens the economic situation of the mass media.

Boris Yeltsin's message to the State Duma makes clear that in deciding on a "veto," the president is acting on the basis of clauses in the Constitution.

Yeltsin To Merge Kremlin Press Services

MK1011104094 Moscow SEGODNYA in Russian 10 Nov 94 p 1

[Report by Sergey Parkhomenko under the "Nuances" rubric: "Kremlin Information Services To Form Single Concern. Presidential Press Service's Future Remains Uncertain"]

[FBIS Translated Text] According to reports received by SEGODNYA from the Kremlin, the Russian Federation president soon plans to carry out a large-scale reorganization of his administration's units whose activity is related to "information flows" one way or another, or relations between the top state administrative bodies with the Russian and foreign press.

Up to now at least four independent services have operated in this area. Their list, as a rule, opened with the presidential press service proper under Anatoliy Krasikov. It was responsible for public relations as traditionally understood. Next to it was the Operational Information Center under Andrey Remizov, which dealt primarily with processing "incoming" information and producing press releases, reviews, and publication analyses. At the end of this summer the Information Support Administration, under Sergey Nosovets, was added to them: it handles just the opposite, the "output" concerning—in the final analysis—the president's propaganda

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support. Finally, there was presidential press secretary Vyacheslav Kostikov, who retained a certain degree of autonomy and had a small staff of advisers and assistants.

Sergey Nosovets told your SEGODNYA correspondent that the other day President Yeltsin signed a decree on merging the second and third of the above units. Mr. Nosovets did not deny that he would probably be appointed head of the new structure, which has so far been tentatively named the Information Administration [Upravleniye] of the Russian Federation President's Administration [Administratsii]. He would not comment, however, on the future of the presidential press service. Meanwhile, fairly reliable sources from among administration officials say that Mr. Krasikov's agency is likely to be merged with the new information concern, which would be quite in line with the logic of reshuffles contemplated by the president. The same sources also say that Vyacheslav Kostikov's upcoming resignation is all but sealed.

Livshits Comments on Appointment as Presidential Aide

LD0911213494 Moscow Russian Television Network in Russian 1725 GMT 9 Nov 94

[Studio interview with presidential aide Aleksandr Livshits by correspondent Nikolay Svanidze; from the "Details" program—live]

[FBIS Translated Excerpt] [Svanidze] Good day! Appearing live on the "Details" program today is Aleksandr Yakovlevich Livshits, who was appointed today as a presidential aide.

Aleksandr Yakovlevich, for the uninitiated it essentially does not matter whether you are the leader of a group of experts or are an aide. But you and I know that in the Kremlin hierarchy this is a significant job promotion and in terms of the old yardsticks and table of ranks you are now really a privy councillor, and I congratulate you on this.

[Livshits] Thank you. But I am not convinced about the privy councillor tag. Privy councillors used to be quite independent people. I am merely assisting the president. This is not the same.

[Svanidze] But certainly you assist him in an independent way. You are really his assistant for economic issues and contacts with the government, you told INTERFAX today.

[Livshits] Well, that is quite obvious. After all one cannot assist on economic issues without contacts with the government. [passage omitted]

[Svanidze] How do you now see your duties as aide on economic issues?

[Livshits] First of all, I have to perform all the many duties that I have had hitherto, because they still exist. [passage omitted]

[Svanidze] Could one now call you a presidential commissar attached to the Council of Ministers?

[Livshits] Not at all. [passage omitted]

[Svanidze] What ideologically do you think these cadre changes in the government signify?

[Livshits] You know, I would not begin to speculate on the purely apparat side of the matter. All this speculation is often 10 times more interesting and more gripping than the reality. [passage omitted] I do not want at all to speak about that. However, the essence is that the country is like an aircraft coming out of a nosedive, you know. I should like to reiterate that yet again. [passage omitted] It is essential to prepare for an upswing of the economy. The volume of work needs to be handled and it needs to be handled by people who are capable of handling it. I am by no means saying that those who were previously in the government were incapable of this. That does not follow. However, I am simply saying that surely it is merciless to drive on further those individuals who during the first three years of reform shouldered a quite improbable burden. People need to be changed from time to time, when one enters a new phase.

[Svanidze] But [Anatoliy] Chubays also withstood the burden of the first phase.

[Livshits] That is right, but he is a very healthy individual internally, spiritually, and morally. Quite simply he is a very strong person, who still has plenty of stamina. I believe that, if Anatoliy Borisovich [Chubays] were at some time made responsible for agriculture, say, he would manage to improve its performance.

[Svanidze] Do you have any information about who may or who will—perhaps you know—be appointed to be in charge of the State Committee for the Management of State Property?

[Livshits] That information is known only to the president. However, I can express my personal point of view, but it is no more than my own personal viewpoint among dozens of other viewpoints. It seems to me that Sergey Belyayev would be the best candidate. [passage omitted]

Baburin Says Nothing Sensational in Government Reshuffle

LD0911164594 Moscow INTERFAX in English 1427 GMT 9 Nov 94

[FBIS Transcribed Text] An opposition leader in Moscow said there was "nothing sensational" about the recent government reshuffle.

The aim of those "minor changes" is to keep the present government in office, said Sergey Baburin, leader of the Russian Pan-National Union.

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Alterations have so far been made "in only one team, the entourage of the president and prime minister," Baburin told reporters on Wednesday.

Nor was there anything unexpected about the dismissal of those in charge of the country's finance, Deputy Premier Aleksandr Shokhin and Central Bank Chairman Viktor Gerashchenko, Baburin said. But he "could not see" why the government had taken no measures against banks which had "reaped billions" on the day the ruble plummeted, although, he said, those responsible for the downfall of the Russian currency on October 11 had already been named.

Defense Minister Wants Corruption Charges Dropped

LD1011114394 Moscow Ostankino Television First Channel Network in Russian 1052 GMT 10 Nov 94

[From the "Novosti" newscast]

[FBIS Translated Text] The question of the involvement of the supreme leadership of the Defense Ministry in corruption in the Western Group of Forces should be dropped, a POSTFAKTUM correspondent was told by Russian Defense Minister Pavel Grachev at Izhevsk airport, where he arrived together with Boris Yeltsin.

If a reply is received to the question as to in whose interests these rumors are being spread, the minister said, then it will become clear who is behind the murder of journalist Dmitriy Kholodov. At the same time Pavel Grachev drew attention to the fact that, despite a number of promises to provide materials testifying to corruption in the Western Group of Forces, a month has passed and they still have not been presented.

Journalist Killed; Circumstances Not Yet Clear

LD0911144494 Moscow ITAR-TASS World Service in Russian 1419 GMT 9 Nov 94

[FBIS Translated Excerpt] Moscow, Nov 9 (ITAR-TASS)—Yuriy Korolev, a journalist from the DELOVOY MIR [Business World] magazine, who was in charge of the illustrations department, was killed last night. ITAR-TASS has learned that 63-year-old Korolev was driving home along the Minsk highway in Peredelkino when he was killed. The details of the murder are not yet known. An investigation is being conducted by the procuracy of Moscow's Odintsovskiy Rayon. [passage omitted]

Police Say Motive Not Political

AU1011123994 Paris AFP in English 1121 GMT 10 Nov 94

[By Sebastian Smith]

[FBIS Transcribed Text] Moscow, Nov 10 (AFP)—Evidence Thursday pointed against a political motive in the second killing of a Russian journalist in a month, but the brutal murder has further fueled fears here that violent crime is out of control.

Yuriy Korolev, the 69-year-old head of the photo department at the respected business monthly DELOVOY LYUDI [name as received], was killed Tuesday as he was driving home in the Moscow suburbs.

The cause of death remained unknown, but Korolev's burned body was found several kilometres (miles) from the charred shell of his two-door Lada west of Moscow, DELOVOY LYUDI's general director Jean- Pierre Schapira told AFP.

"Everything points in the direction of a murder. It's impossible to imagine something different," he said.

The daily newspaper SEGODNYA also reported that the car and the body were kilometres (miles) apart. Police confirmed the death was a murder and said nothing had been stolen, but refused to deny or confirm that the body was found a long way from the car wreck.

Despite the bizarre circumstances of the death and numerous recent political killings of Russian journalists, evidence indicated that Korolev was merely the victim of everyday crime.

Maria Siminova, at the Glasnost Defense Fund, said that photographers made possible political targets, but officials at DELOVOY LYUDI said Korolev had not been working on stories about the Mafia or corruption.

"The murder was not political, but an act of hooliganism," said Leonid Glychko, police chief in the western Odintsovo district, where the murder happened.

The murder—coming three weeks after a journalist investigating army corruption for the daily MOSKOVSKIY KOMSOMOLETS was blown up by a booby-trapped briefcase bomb—added to the impression of violent chaos in Russia.

"This is one of the many signals that crime is sweeping this country," DELOVOY LYUDI's editor in chief, Vadim Birykov, said.

"The state should be taking measures so that one can go home quietly at night," he said.

In post-Soviet Russia, killings of businessmen and other professional people, often targeted by Mafia gangs, have increasingly become a fact of life.

General Mikhail Yegorov, in charge of the fight against organized crime for the Interior Ministry, told the daily KOMSOMOLSKAYA PRAVDA Thursday that there are 90 murders a day in Russia, seven percent of them by professional hitmen.

Criminal police make 6,000 interventions daily, he said.

On Saturday a communist member of parliament, Valentin Martemianov, died from injuries suffered four days earlier in a beating up by unknown assailants.

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He was the second member of the lower house, or Duma, to be killed since last December's elections.

The Duma will debate next week trying to force the ouster of Interior Minister Viktor Yerin in the wake of the Martemianov's death.

The scheduled debate will be held during a session already set to discuss a draft bill on toughening anti-crime measures.

Yerin announced Thursday he was cancelling a scheduled appearance at the Duma Friday for government question time. He has been invited to next's week's crime debate.

Under the Russian constitution only the Russian president can decide to fire a minister.

Yerin on Kholodov Case, Relationship With Yeltsin

MM1011123194 Moscow ROSSIYSKAYA GAZETA in Russian 10 Nov 94 First Edition pp 1,8

[Interview with Minister of Internal Affairs V.F. Yerin by Vladimir Klimov; place and date not given: "Minister's Internal Affair. You Could Have Called This Conversation With Viktor Yerin "An Interview in Family/ Official Surroundings"]

[FBIS Translated Excerpts] [passage omitted] [Klimov] How do things stand regarding the solution of Dmitriy Kholodov's murder?

[Yerin] Unfortunately, it is as yet too early to talk about results. We are processing materials on his contacts, materials from his work. We have deciphered his computer files and analyzed his publications and notebooks. The volume of work is enormous.

The General Prosecutor's Office is investigating this case. A large team is working on it. We have assigned our best people to it and the Federal Counterintelligence Service is providing operational support.

We have been given responsibility for one scenario on which we are working at present. There are interesting signs, but I would be wary about saying anything concrete. [passage omitted]

[Klimov] One last question. Viktor Fedorovich: Could you tell us about your relations with the president?

[Yerin] Boris Nikolayevich has determined the procedure for reporting by members of the government. I report the operational situation to him every week, talk about the sociopolitical situation in Russia against the background of safeguarding law and order and about what the internal affairs organs have done in this respect. Apart from this, I report to him on the situation in the area covered by the state of emergency. There then follows a section on criminal matters giving the changes in the operational situation over the week. If this report covers a longer period—a quarter, or a six- or nine-month period—a comparative analysis of the main types of crime and the results of our work is made without fail.

If during the week crimes have been committed which have gotten a wide public reaction, I either report on what is being done to solve the crime or mention specific results. I do not fail to notify him about what the ministry itself is doing. All this, of course, does not exclude the possibility of reporting to the president at any time of the day and night if an emergency occurs. There is always contact between the minister of internal affairs and the president.

The president follows the actions of the internal affairs organs very carefully. He monitors crimes of particular significance. What is more, this is not a formalistic monitoring process. Without interfering in the mechanics of our work, he takes a detailed interest in what is being done to solve particularly important crimes. Such monitoring also encourages us to work intensively.

Under the president's leadership the most important matters of state are discussed, decisions are produced, and the progress of their implementation in practice is scrutinized.

Burlakov Comments on Assassinated Journalist

LD1011120794 Moscow ITAR-TASS in English 1151 GMT 10 Nov 94

[FBIS Transcribed Text] Moscow November 10 ITAR-TASS—Matvey Burlakov, dismissed Russian deputy defence minister, told the weekly ROSSIYA he is looking forward to the results of the investigation and, if found not guilty, is going to sue the newpaper MOSKOVSKIY KOMSOMOLETS for insults.

Burlakov believes journalist Dmitriy Kholodov fell victim to political struggle. "The man was sacricifed so that the flame spread throughout the country. A political struggle is on. A perfidious strike was aimed at the armed forces. It was intended to stir up the Army. When Chief Editor of MOSKOVSKIY KOMSOMOLETS Pavel Gusev said that thieves and murderers were at the helm, ordinary people were alarmed", Burlakov said.

Burlakov said he is not acquainted with General Aleksandr Lebed, commander of the 14th Army, which did not prevent Lebed, who must be an experienced person, from doubting the minister's and deputy minister's integrity.

Burlakov rejected accusations of abuses when commanding the Western Group of Forces (ex-Soviet troops stationed in Germany). He said that when he had learned of problems which Kholodov investigated he was inclined to think that he was assassinated by Chechens. "Making further analysis I realised that political forces were behind the assassination", Burlakov said.

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Internal Affairs Minister Yerin Interviewed

MM1011112994 Moscow ROSSIYSKIYE VESTI in Russian 10 Nov 94 pp 1-2

[Interview with Russian Internal Affairs Minister Viktor Yerin by correspondent Sergey Ovsiyenko; date and place of interview not stated: "Is Our Militia Safeguarding Us?"]

[FBIS Translated Text] [Ovsiyenko] Crime in the country has acquired such scales that it has begun to threaten its security. And here you cannot make do with a simple regrouping of the law enforcement organs' forces. From what does your ministry proceed in its activity? Along what avenues is it building the struggle against crime?

[Yerin] Our work is based on the provisions of the new Russian Constitution which assert the rights of the individual and the citizen. And we are performing this work along three avenues.

First. The formation of a common front for the struggle against crime. It would be an illusion to believe that only the law enforcement system can resolve the crime problem.

Two years ago, when the growth of crime reached 30 percent, a first step was taken toward this. We managed to gather together administration heads and republic leaders.... With their aid we thoroughly reinforced the internal affairs organs locally, both quantitatively and qualitatively. In turn the ministry delegated to the regions a large part of its rights, proceeding from the premise that it was unrealistic to consider and influence the operational situation from the center.

The second avenue consists in improving the internal affairs organs' legal activity. What path should we take? The old, tested path whose thrust lies in the forcible suppression of crime, or a legal path based on democratic principles? My opinion is that even in this complex criminal situation we should adhere to legal norms.

If a particular deed is ordinarily seen as a crime, it is not a crime until it is registered as such in law. In this connection I stress yet again that it is important that we do not embark on the path of extremism.

The improvement of the law enforcement organs themselves is the third avenue. I note: not the internal affairs organs, but the entire law enforcement system. In the present situation it is very hard to separate the actions of the MVD [Internal Affairs Ministry] from the actions of the prosecutor's office and court....

I realize that the courts are an independent branch of power but they crown all our work!

[Ovsiyenko] Viktor Fedorovich, what if we approach the work of the internal affairs organs themselves from these positions?

[Yerin] I shall begin with a problem which until recently greatly worried the MVD leadership: the draining away of cadres. The reason was the unsatisfactory pay for the militia workers' hard work. The situation has improved somewhat now but there are new tasks ahead. It is not enough to select cadres for work in the internal affairs organs, you must teach them professionalism. And that, I must say, is a permanent process. You remember how fake advice notes appeared a year ago. Those who started investigating this type of crime had to master banking in order to find proof of illegal operations.

There is one more quite hard problem connected with the change in the mentality of the militia worker, who must be taught to act under the conditions of a new society and altered system of power and economy. After all, our law enforcement system used to be formed as a punitive system. But now we are not repressive organs, now we serve people. To this end the oath has been changed and a code of honor has been developed for the militia worker.

Each of our services has its own tasks in resolving which it improves its activity.

The criminal militia fights organized armed crime and manifestations of corruption. It includes the special detachments for detaining particularly dangerous armed groups of criminals. I dread to think what would have happened if we had not created such subunits promptly. After all, cases of hostage-taking and extortion had already become more frequent.... Now people come to us from abroad for experience.

Investigation is a special item in the internal affairs organs' work. You know what debates have been conducted about its role and place.... But everyone had the wit to understand us: The investigation committee would not create collaboration between investigation and the operational service and as a result would reduce the effectiveness of the struggle against crime.

We cannot stand above the investigator and goad him on. I pride myself that I have never allowed myself to tell an investigator how to act. He should be guided in his work only by the law and by his own awareness of the law. He acts as the organizer of the investigation of a case involving many episodes, setting up a harmonious system of evidence for the court, weighing up each fact in a criminal case. Otherwise any mistake will cast doubt on the investigator's entire work.

We have had and still have occasion to hear many complaints against the work of the patrol and point duty service. I consider it stupid to be accused of creating a Special-Purpose Militia Detachment which allegedly fulfills punitive functions. Life itself demanded it. We saw the appearance of law violations which the ordinary point duty militiaman or patrol group cannot resolve. And we created the special militia.

Practice has shown that this measure was correct and timely. For the first time in many years street crime was

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reduced. For the first time in many years there was a 10 percent rise in the crime detection rate. Here we remain self-critical: There are individual types of law violations whose detection rate is small.

We are also criticized for our road patrol service. Its staffers include dishonest people who abuse their position.... We know that, and the strictest measures are being taken.

We took on a grave legacy in the corrective labor institutions system. And if now we fail to ensure elementary rights for the convict, if we start to oppress him, then that legacy will result in a double misfortune for society.

The internal troops have entered a period of reform, they are moving away from guarding colonies and prisons.... In exchange they are being set tasks of maintaining order in emergency situation zones, of struggling against organized crime, guarding establishments of state importance, and rendering aid to the militia in carrying out mass measures....

I foresee the question: Does this latter task mean breaking up demonstrations and meetings? Of course not. Such actions by internal troops subunits are illegal. But when these demonstrations turn into mass riots then the troops must come to the defense of law and order....

Summing up what I have said, I want to note that neither the MVD apparatus nor local services are satisfied with their work. The situation remains complex and requires enormous efforts for its normalization. And I believe that sense of dissatisfaction should be the main one in our work.

[Ovsiyenko] According to your ministry's figures crimes in the economic sphere remain more widespread and they increased over 15 percent over the first nine months of this year. In the minister's view, what should be done to curb economic crime?

[Yerin] The situation here is indeed complex but not because our entrepreneurs are thoroughly bad. In my opinion the reason is that the standard of relations in Russian business is a very long way from being civilized. If, for instance, real arbitration courts and new legislation corresponding to life appear in the country then the businessman will not turn to dubious individuals for help in sorting things out with his contracting party. That is beat him up to make him pay his debts and fulfill contract obligations....

[Ovsiyenko] Viktor Fedorovich, you remember how many contradictory opinions and keen debates were generated by the president's edict on stepping up the struggle against crime?...

[Yerin] How could I fail to remember! The ink had not yet dried on it when heated debates developed, with people saying that human rights were being flouted, that the militia was being given a free hand for acts of repression against citizens.

This edict is an enforced step enabling us to respond flexibly to the actions of organized crime. Nearly four months have elapsed since the edict appeared. And what has happened? In all we have received over 60 complaints against actions by the militia. We checked them and only three were confirmed. But during this time we exposed thousands of criminal groups and many leaders of the criminal world have been charged.

[Ovsiyenko] On the eve of the premier's report in the government, a list of four ministers "inconvenient" to the deputies appeared in the State Duma. Your name was on that list. In your opinion, what is the reason for this "dislike" of minister Yerin?

[Yerin] That question should obviously be put to those who compile such lists....

I have already grown accustomed to this attitude. And I am quite calm about it. The former Supreme Soviet frequently tried to reprimand the power ministers....

The point is that one faction submitted a proposal to hear Minister Yerin. That is an entirely normal phenomenon, when within the framework of the parliamentary hour a member of the government reports to deputies. But when some forces try to replace businesslike relations with carpeting then, I am sorry, I do not understand that.

On the part of the State Duma leadership I see real steps to establish close collaboration with the executive power. And I consider it the duty of the minister and practical expert to share with the legislators his opinion of particular problems of the struggle against crime. I am not a supporter of the militia's self-assessment of its work, I will always seek and take committed, businesslike advice and specific proposals for the improvement of our work.

[Ovsiyenko] Your job involves meeting the president. What do you talk about, what is his attitude toward the work of the internal affairs organs?

[Yerin] I must say that the president himself determines the procedure for reports by the leaders of the power structures and other members of government. My weekly report includes information on the current situation, including in the emergency situation zone and an analysis of the sociopolitical situation in the country through the prism of safeguarding law and order. Then there is a section on criminal information. As a rule there is a comparative analysis of the results of the quarter or half-year....

The weekly report does not rule out dealing with the president at any time of the day or night if there is some emergency in the country. Boris Nikolayevich has one demand: Communicate with him wherever he may be.

As head of state the president reacts accordingly to such reports. If he sees we have resolved a serious problem then he liaises with the MVD at his own initiative and

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conveys his thanks. That was what happened when the terrorist was arrested at "Vnukovo" airport, for instance.

And conversely.... Recently the president made a stern demand for more active measures to fight crime and a vigorous and effective investigation of cases affecting the safety of the individual.

The security council is also a form of communicating with the president, through which he implements his political aims.

[Ovsiyenko] On your professional holiday, allow me, Viktor Fedorovich, to convey through you to all militia workers wishes for success in their difficult work, health, happiness, and prosperity to their families.

Economic Issues

Chubays Introduces New Economics Minister to Staff

LD0911194394 Moscow INTERFAX in English 1848 GMT 9 Nov 94

[FBIS Transcribed Text] Russia is entering a new, "most difficult" stage of reforms comparable in its complexity only with the turn made by the country at the end 1991 - the beginning of 1992. The statement was made by Vice-Premier Anatoliy Chubays as he introduced the new Economics Minister Yevgeniy Yasin to the leadership of the ministry on Wednesday. This complexity explains the appointment of Yasin whose candidacy was definitely supported by President Boris Yeltsin and Prime-Minister Viktor Chernomyrdin, Chubays said.

The vice-premier announced the presidential decision to hold a big national conference on November 25 on the second stage of reforms. The attention and significance attached to the question is unique, Chubays stressed. He said the discussion would center around a three year program of economic development worked out with Yasin's involvement as well as the 1995 budget and the tasks that should be carried out next year in the framework of the general concept of reforms.

Chubays described as crucial the decisions related to the acceleration of structural economic transformations and the bridling of inflation.

On Wednesday evening the leadership of the Economics Ministry held a conference behind closed doors that was addressed by the new minister.

Economic Minister Yasin Interviewed on Tasks Ahead

LD0911145894 Moscow Radio Rossii Network in Russian 0915 GMT 9 Nov 94

[FBIS Translated Text] We are starting our program with an interview with the new economy minister Yevgeniy Grigoryevich Yasin. Yevgeniy Grigoryevich was born in 1934. He attended the Odessa Engineering and Construction Institute and Moscow State University. He has worked at the Russian Union of Industrialists and Entrepreneurs, and headed the Institute of the Union of Industrialists and Entrepreneurs. In 1992 Yevgeniy Grigoryevich became a member of the Enterprise council under the Russian president and took part in drawing up the 500 days program for transition to the market. He is a doctor of economic sciences and a professor.

Prior to taking up the post of economic minister, Yevgeniy Grigoryevich headed the president's center for analysis. So, here is the first interview with Economic Minister Yevgeniy Grigoryevich Yasin especially for the At first hand program on Radio Rossii. It was recorded by our special correspondent Konstantin Revenko.

[Begin recording] [Yasin] The first stage is the one we are only now just coming through. It started with the freeing of prices and the other well-known government measures in 1992, with Gaydar in the main role. The kind of thing that prevailed at that stage, so to speak, was the sort of thing that was in line with the actual opportunities we had at the time, in the actual situation. But that situation has changed over 3 years, a great deal has changed in the country over 3 years. Effectively, so to speak, we have gone through a revolution which is not yet fully assimilated. At the same time, some new conditions have emerged and new problems have arisen. Specifically, when we talk about a new stage we mean that we have done some things already, and that there are other things we should be starting to do over again.

As for the things which we have done, it is not as much as we would have liked; nonetheless, Russia has become, if not a market economy, then a transitional economy.

Second, we have liberalized the economy sufficiently—I don't mean sufficiently, but with sufficient ease—and dismantled the old distribution system. There have been important changes in institutions, I mean privatization and openness in the economy. We have pursued a moderately tough monetary policy—incidentally, that is not just the Chernomyrdin government, but also the Gaydar government in the second half of 1992. We have gained results in all these numerous efforts this year—a reduction in the inflation rate is the most important of these achievements as well as, I believe, the positive bank rate ratio against inflation. This means that Russia has started to accumulate wealth again.

So, what has happened to pose the new problems? Well, for three years we have not mentioned production costs, improving labor productivity, and the great inefficiency of industry. We have not mentioned these. Meanwhile, things have developed in such a way that, because of the economic liberalization, opening up the economy and so on, the costs of Russian enterprises have reached a real level at which it has become clear that Russian products—in any event the products of the processing industries—are as a rule not competitive. So, production costs

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have become a problem; it is even a question of survival today—whether debts can be paid, whether costs can be brought down, productivity increased, and so on.

So these issues have now come to the fore. And this is very closely tied in with investment, because the layer of reserves on the surface is pretty thin. So we need investment, investment and more investment under any circumstances, and the investment has to be efficient. This is because if investment is made—say, according to the formula of the more the better—we will be going back to what happened in the Soviet Union, in the Soviet economy, when we threw heaps of money in just to support an ailing economy and nothing came of it.

So, the key task of this new phase is to create the conditions for economic growth, to create the conditions for business activity, for an upsurge, so to speak, in investment, and to increase the amount of efficient investment. And because efficient investment is as a rule private investment, this will be coming mainly from private investors. The emergence of this kind of inflow of investment, which should stimulate the economy—because we have reached an important point at which accumulation of wealth has started and needs to be transformed into investment—this whole process has to be encouraged and the state should be working on this, too.

I believe that this problem of investment, which should revive industry and make economic growth possible, is going to be the basis of the long-term main tasks, at least for the next three years and, I think, beyond that.

[Revenko] This is domestic and foreign investment?

[Yasin] Of course. I would like it to be just Russian investment. I don't know, but, for example, there are many people who would like that. However, first of all, even if we were to gather up all the wealth there is and nobody were to buy Mercedes and expensive houses, and so on and so forth, this would amount to very little compared with the needs of the Russian economy.

Moreover, our businessmen who are on top of, say, the financial world, as a rule have no experience of running industries, and so on. Therefore, foreign investment is simply absolutely essential to us. Throughout the world there is a desperate struggle to attract foreign investment—demand is exceedingly high, supply is not that plentiful, and we have to fight for it. That is a very, very important task for us. However, I would like to say that macro- economic stabilization, which is what Mr. Fedorov was talking about today, is still our prime task, and that inflation has to remain a prime task, because while we have high inflation there will be no investment.

Therefore, our paramount task for 1995 is macro-economic stabilization, moving on—during this year and naturally also in 1995—in order to achieve some kind of results in 1996 and 1997 in terms of investment, highly efficient investment, meaning private investment with state support. So, in the state budget, I mean...

[Revenko, interrupting] Yes, yes, yes.

[Yasin] If there is to be investment within the state budget, then the less there is the better. There are some things which the state cannot move out of the budget, these are barely profitable things—the infrastructure, some programs relating to the construction of housing for servicemen, the children of Chernobyl, and so on—but among everything else I would like the following to appear in this next budget: 4 trillion rubles or so for the support of private investment, and I would recall that it is clearly stated that the state will offer state guarantees for some important investment projects. We will then take a share—there is a well- known presidential edict on the matter—and that is not all I have to say on the matter. There is also the problem of attracting our money being held in foreign banks. There is the problem of attracting capital altogether. There will be attractive conditions and our capital will come in, it will be the first to come in. Moreover, they will be getting a return on it, because investment efficiency in Russia is much higher than in other countries. [end recording]

Russia Unable To Cut Inflation to 10 Percent

LD0911144894 Moscow ITAR-TASS in English 1431 GMT 9 Nov 94

[By ITAR-TASS correspondent Tamara Zamyatina]

[FBIS Transcribed Text] Moscow November 9 TASS—48-year-old Doctor of Economics Aleksandr Livshits, appointed today to the post of presidential aide, submitted a report to the head of the Russian state a short while ago, containing forecasts for the country's economic development until the year 2000. Interviewed by ITAR-TASS today, Livshits said that no matter how earnestly the reformers want "to cut down the inflation and the interest rate to 10 per cent a year within the next five years, they will hardly be able to achieve this end". He said that he had informed the president about this.

On the basis of his analysis, Livshits has arrived at the conclusion that "Russia will not be able to cut the inflation down to the level typical for the developed countries" by the beginning of the next century. "Prices will continue to rise on the average by 15-20 per cent a year".

Realising "what squalling criticisms" will be spearheaded against him, the doctor of economics nevertheless believes that "attempts to immediately stem the inflation would cause more harm than good". "Many loss-making enterprises, which cannot be converted, will probably have to be razed to the ground, but much money will have to be spent from the budget to save at least 25 million people from unemployment. This money will produce at least a 20 per cent inflation in 2000," the expert believes.

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It is quite indicative that this is not the first time when Livshits' view contradicts the figures contained in the president's message to the federal assembly and in the programme of the Russian Government. At the end of September, for instance, when Livshits headed a team of experts to the Russian prime minister, he published warnings against the presidential decree to freeze wages, which was then in the making. As a result, the document was never signed. Nevertheless, Yeltsin "did not punish" the expert, but, on the contrary, has turned him into his aide.

It is pertinent to recall that Livshits authored the first Russian text-book on the theory of market economy, published in 1990. His book—"The Economic Reform in Russia and Its Price"—came off the press this year.

Soskovets Invites Western Investment in Russia

LD0911165394 Moscow ITAR-TASS in English 1627 GMT 9 Nov 94

[By ITAR-TASS correspondent Oleg Velichko]

[FBIS Transcribed Text] Moscow November 9 TASS—Russian First Deputy Prime Minister Oleg Soskovets called on Western businesses to "activate investment in the Russian economy."

Soskovets said in a conversation with Britain's Ambassador to Russia Bill [as received] Fall today that Russia was providing required conditions for foreign investment. He said a securities market was forming and second-stage privatisation conducted, with interest in it displayed so far only by American firms.

The first deputy prime minister mentioned his meeting with Lewis Preston, the president of the European Bank for Reconstruction and Development, on Tuesday. Soskovets said the bank was ready to invest two billion dollars in the Russian oil and gas industry.

Official Report on Ruble Crash Approved

MM0911143194 Moscow ROSSIYSKAYA GAZETA in Russian 9 Nov 94 First Edition p 2

[Ruling of the Russian Federation Security Council on the question "On the Work Results of the State Commission Investigating the Reasons for the Abrupt Destabilization of the Financial Market," dated 2 November 1994 and signed by B. Yeltsin, president of the Russian Federation and chairman of the Russian Federation Security Council, and O. Lobov, secretary of the Russian Federation Security Council]

[FBIS Translated Text] The Russian Federation Security Council, having listened to and discussed the report by the chairman of the State Commission Investigating the Reasons for the Abrupt Destabilization of the Financial Market, points out that the nosedive in the ruble rate 11 October 1994 was an extraordinary occurrence posing a threat to Russia's national security. The serious negative consequences of this occurrence were a loss of confidence in the future among economic players, a drop in the attractiveness of long-term capital investments in production, an increase in inflationary expectations, and upward pressure on prices. These consequences are of a long-term nature. Direct harm has been caused to the policy of reforms, the socioeconomic stabilization of society, the living standards of a significant part of the country's population, and Russia's international prestige.

The Security Council emphasizes that the abrupt destabilization of the financial market occurred against the background of a complex socioeconomic situation, primarily an increasing rate of inflation, a deepening payments crisis, a production slump, low investment activity, and declining return on investments in various sectors of the financial market. But the ruble nosedive was the direct result of a uncoordinated, tardy, and sometimes even incompetent decisions and actions by a number of federal executive organs and unprofessional and irresponsible behavior by certain officials. The leadership of the Russian Federation Central Bank—Chairman V.V. Gerashchenko, Deputy Chairman D.V. Tulin, International Operations Department Director A.I. Potemkin—failed to make use of the opportunities at the Central Bank's disposal for stabilizing and strengthening the ruble rate, mobilizing internal and external currency resources, ensuring effective control over price formation and currency trading, and preventing and ending speculation. A.N. Shokhin, deputy chairman of the Russian Federation Government for economic questions, and the Economy Ministry headed by him failed to ensure the coordinated resolution of economic reform and economic development questions, the budget, the financial, credit, monetary, and currency systems, and currency and export control. The Russian Finance Ministry and its leaders, S.K. Dubinin and A.P. Vavilov, failed to take the necessary measures to actively implement the state financial policy on the currency market and to ensure the ruble's stability. V.F. Krunya, leader of the Russian Federal Currency and Export Control Service, displayed a lack of initiative and vigor which made a considerable contribution to the development of currency operations of a speculative nature on the interbank currency exchange.

In these conditions individual commercial banks carried out currency operations aimed at artificially increasing the dollar rate and bought up currency not for foreign economic operations but for resale with a view to speculative enrichment. At the same time, with the connivance of the Russian Federation Central Bank leadership, the Russian Finance Ministry, and the Moscow Interbank Currency Exchange leadership and its general director, A.V. Zakharov, gross deviations from the trading rules became widespread, particularly the acceptance of applications to buy currency not backed up by banks' own funds, violations of payment deadlines, and the unsubstantiated lifting of sanctions in the form of fines. A number of commercial banks made use of

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extensive opportunities for conducting speculative operations on the currency market 11 October this year. Those deriving the maximum benefit from the provoked ruble nosedive (in terms of the indicator for excess of sales over purchases) were the Most-bank (V.I. Gusinskiy); the Neftekhimbank (G.V. Zhuk); the Alfa-bank (P.O. Aven); the International Moscow Bank (V.B. Sudakov); and the Mezhkombank (S.K. Ovsyannikov).

Documents presented by the State Commission Investigating the Reasons for the Abrupt Destabilization of the Financial Market confirm the pressing need to take specific effective measures as quickly as possible to shape and implement a unified state financial policy, to regulate the ruble rate, to introduce an effective mechanism for carrying out exchange operations, to strengthen the normative-legal base of the financial market, including the currency market, and to step up control over compliance with currency legislation.

The Russian Federation Security Council has decided that:

1. the conclusions and suggestions of the State Commission Investigating the Reasons for the Abrupt Destabilization of the Financial Market are approved;

2. the Russian Federation Government (V.S. Chernomyrdin) is to:

examine within one week the conclusions submitted by the State Commission on the causes and consequences of the ruble nosedive;

determine the degree of responsibility of A.N. Shokhin, deputy chairman of the Russian Federation Government and minister of the economy; A.P. Vavilov, Russian Federation first deputy minister of finance; D.V. Tulin, former deputy chairman of the Central Bank of Russia; and other officials whose functional duties include organizing the implementation of state policy in the economic and finance-currency sphere, and make proposals and implement measures to strengthen the personnel of federal executive organs in this sphere.

rule it expedient to relieve V.F. Krunya, leader of the Russian Federal Service for Currency and Export Control, from his post for failing to cope with the duties entrusted to him;

submit proposals before 15 November this year for bringing the system for determining the official ruble rate into line with the requirements of the Russian Federation president's Edict No. 629 of 14 June 1992;

formulate and submit proposals before 1 December this year for special legislative regulation of the activity of the Russian Federation Savings Bank, providing for restrictions on the structure of the assets and the mechanism for establishing and flexibly correcting (with due regard for the rate of inflation) the interest rates relating to deposit operations involving the population;

strengthen government monitoring of the observance of currency legislation and the norms and requirements involved in providing for it;

include additionally on the Government Commission for Questions of Credit Policy the leaders of the Federal Service for Currency and Export Controls, the State Customs Committee, the State Taxation Service, and the Russian Ministry of Foreign Economic Relations, and entrust it with the systematic examination and elaboration of measures to settle problems of the currency market efficiently;

ensure coordinated action by the Russian Economy Ministry, the Russian Finance Ministry, and the Russian Federation Central Bank in the sphere of regulating money circulation and determine a procedure for conducting emergency conferences of the leaders of these departments with the participation of representatives of the Russian Presidential Staff, as well as convening special goverment sittings if the need arises to elaborate urgent decisions as a suitable response to critical changes in the current situation on the financial market;

adopt measures to raise the stability, effectiveness, and protection of the credit-financial and banking system.

3. The Russian Federation Central Bank (T.V. Paramonova) shall:

examine the question of relieving A.I. Potemkin, director of the department for international transactions at the Russian Federation Central Bank, from his post for failing to adopt measures envisaged within his functional duties to prevent and clamp down on currency speculation and the massive fall in the ruble rate, which have led to serious damage to the population's living standards and the country's economy and international prestige;

within a month, conduct a comprehensive check of the activity of the main commercial banks, particularly in the period following 1 October of this year and, on the basis of the results, examine the question of calling to account the participants in speculative deals and violators of the rules of currency transactions, going as far as divesting them of their currency licenses;

together with the Russian Finance Ministry and the Russian Economy Ministry:

by 15 November of this year, submit proposals on organizational and technical measures to create an information system ensuring the monitoring of the ruble rate in all segments of the currency market and determining its valid average value;

by 20 November of this year, present proposals on a concept for the development of the currency exchange and its juridical status and functions, with a view to the organic incorporation of the currency market in the overall stock market system;

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within a month, elaborate and put into effect according to the established procedure an effective mechanism for carrying out exchange transactions, taking into consideration the latest international experience;

by 1 December of this year, put into operation a mechanism for compulsory licensing of the activity of currency exchanges and periodical confirmation of previously obtained licenses;

by 1 January 1995, submit, according to the established procedure, a draft law on the formation and use of the country's gold and currency reserves, envisaging within it a formation procedure and optimum levels of various types of reserves;

during the revision of the Russian Federation Law on the Securities Market and the Stock Exchange, provide for a special chapter regulating the activity of currency exchanges;

together with the Russian Bank for Foreign Economic Activity (Yu.V. Poletayev), the Russian Federal Counterintelligence Service (S.V. Stepashin), the Russian Ministry of Internal Affairs (V.F. Yerin), the Russian Federation General Prosecutor's Office (A.N. Ilyushenko), the Federal Government Communications and Information Agency (A.V. Starovoytov), and with the participation of the leadership of the leading Russian commercial banks, speed up the creation of an interbank security service, as stipulated in Point V.8 of the Russian Federation Federal Program for Strengthening the Fight Against Crime in 1994-1995. The Russian Federation Security Council apparatus (O.I. Lobov) is to intensify monitoring of the implementation of this task.

4. The Russian Economy Ministry must present proposals within a week on measures to regulate the negative consequences of the sharp fall in the ruble rate and the attendant increase in consumer prices.

5. The Russian State Taxation Service (V.V. Gusev) shall:

together with the Russian Federation Central Bank (T.V. Paramonova), elaborate a system of fine sanctions for the application by economic subjects of arbitrary quotations for currencies in transactions with customers;

with the aim of ensuring the implementation of the provisions banning the use of foreign states' currencies in transactions between final consumers, ban the quotation of prices for goods and services in foreign currencies in stores and other retail trade institutions and at enterprises providing services to the population.

6. The Russian Federation Security Council decision on the question "On the Results of the Work of the State Commission Investigating the Reasons for the Abrupt Destabilization of the Financial Market" and the report of the State Commission Investigating the Reasons for the Abrupt Destabilization of the Financial Market are to be published in the mass media.

7. The Russian Federation Security Council (O.I. Lobov) is to be entrusted with monitoring the implementation of the aforesaid decision.

[signed] B. Yeltsin, president of the Russian Federation and chairman of the Russian Federation Security Council

O. Lobov, secretary of the Russian Federation Security Council
2 November 1994

Ruble Crash 'Should Have Been Foreseen'

MM0911160594 Moscow ROSSIYSKAYA GAZETA in Russian 9 Nov 94 First Edition pp 1-2

["Report of the State Commission on the Results of the Investigation into the Reasons for the Sharp Destabilization in the Financial Market. Causes of 'Black Tuesday' Were Known to Federal Executive Economic Organs"—ROSSIYSKAYA GAZETA headline]

[FBIS Translated Text] The state commission set up by Russian Federation Presidential Edict No. 1995 of 13 October 1994 is reporting on the results of its investigation into the reasons behind the sharp destabilization in the financial market.

The commission reaffirms the principled assessment of the ruble's 11 October 1994 collapse as an extraordinary event that poses a threat to Russia's national security.

This situation has serious negative consequences. It deprives subjects of economic management of confidence in the future, makes long-term capital investment in production less attractive, increases inflationary expectations, and provokes price rises.

The commission notes that the ruble crash in the fall of 1994 was intensified by a number of both general economic factors and factors relating to the intensification of the flurry of speculative demand for hard currency.

By the fall of this year inflationary processes in the economy had accelerated. After a certain period of relative stabilization, when the pace of price rises fell to 4-5 percent a month, inflation increased to 7.7 percent in September. A further small rise in inflation had been expected in October 1994.

Seasonal fluctuations in the economy and the tense situation regarding tax receipts in the context of the defaulting crisis affected money supply growth (10 percent in July, 12 percent in August) and increased inflationary expectations.

The fall in the ruble was also influenced by the collapse in industrial production, despite a very small drop in the numbers of people employed in production and a very small rise in wages, as well as by low investment activity.

The acceleration of the ruble's fall was inevitably influenced by the long period in which it had lagged behind inflation. Thus, in 1993 the ruble fell by a factor of three

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while inflation rose by a factor of 9.4. In the first eight months of 1994 prices on the domestic market rose twofold while the ruble fell by a factor of 1.77. But the degree to which the fall of the ruble lagged behind inflation and the length of this process went beyond reasonable bounds; consequently, a period when this imbalance was rectified was bound to ensue. In September 1994 the ruble fell approximately 25 percent against price rises of 7.7 percent, and this process intensified in early October.

The rise in demand for hard currency was also determined by the falling investment yields in other sectors of the financial market—which in a number of cases was the result of action taken by market players and state organs. The Russian Federation Central Bank very hastily lowered refinancing rates to 130 percent. The Bank for Labor Savings and Credit to the Population [Sberbank], which is the largest holder of public deposits, lowered its interest rates on deposits over a short period of time—initially (in July) from 12 to 9 percent, and then (in October) to 6 percent (7 percent in Moscow). These rates were below inflation. Other banks also lowered their rates for ruble deposits, at a time when rates for hard currency deposits were rising. This encouraged holders of ruble savings to convert them into hard currency.

The Finance Ministry compounded this situation by announcing its intention to introduce a 15-percent tax on income on deposits as of 1 January 1995. The loss of confidence in the "securities" issued by various finance companies (Neft-Almaz-Invest, the MMM and Tibet Joint-Stock Companies, and others) also played a part.

The atmosphere on the foreign exchanges was also whipped up by reports reaching financial and entrepreneurial circles of the possible introduction of a fixed rate for the ruble as of 1 November 1994. An atmosphere of uncertainty in the financial market was also created by repeated statements from politicians in the mass media about an expected sharp fall in the ruble.

All this led to an intensification of inflationary expectations among players in the financial market, and hard currency became the most attractive home for their funds. As a result, whereas prior to July 1994 the monthly increase in the population's deposits in Russia's banks was 17-20 percent, the figure fell to 13 percent in August and to 11 percent in September. In January-June total purchases of foreign currency by the population increased from 1.9 trillion rubles [R] to R3.2 trillion. In July they had reached R3.7 trillion, rose suddenly in August to R6 trillion, and in September went up to R6.3 trillion.

In the September-early October period certain commercial banks—for instance Rosmestbank (A.Yu. Kuzminskiy), Menatep (M.B. Khodorkovskiy), Slavyanskiy (S.M. Loshchatova), and Inkombank (V.V. Vinogradov)—conducted particularly active foreign exchange operations, buying up large amounts of foreign currency and thereby promoting the ruble's decline.

Breaches of one of the paragraphs of the regulations governing exchange trading were committed both by the banks and by the exchanges, which accepted bids without checking their clients' real financial positions. Thus, according to Central Bank information, Slavyanskiy Bank carried out major purchases of foreign exchange without having sufficient ruble funds in its accounts. There were also breaches of the quotas laid down by the Central Bank for open foreign-currency positions (the ceilings for bank purchases or sales of foreign currency using their own funds). Particularly significant breaches of the prevailing quota were committed by Alfa-Bank (P.O. Aven): by 46 percent on 24 August 1994, and by 22 percent on 25 August 1994.

There were numerous cases of settlement deadlines (of between six and 12 days) being breached—in a number of cases by the very same banks. Although the banks were fined for these breaches, many of the fines were subsequently waived. There was not a single case of a commercial bank which breached trading regulations having its foreign-currency license revoked or being expelled from the Moscow Interbank Currency Exchange.

All this made the Central Bank of Russia and other organs duty-bound to establish permanent and careful control over foreign-currency operations on the financial market—particularly when they are speculative. But, speaking at a Commission session, A.V. Zakharov, general director of the Moscow Interbank Currency Exchange, stated that speculative deals were a normal phenomenon on the exchange. He admitted that the Statute on the Exchange adopted back in the fall of 1991 had long become obsolete and needed major revision. The mechanism for conducting foreign-currency trading also needs to be improved.

Thus, in connection with the sharp demand for foreign currency in August-September 1994, the objective and short-term prerequisites for the ruble's fall came about and conditions were created for the extensive development of speculative operations on the foreign exchanges. This situation was exploited by a number of commercial banks. The unprecedented bank activity in 11 October trading (86 banks took part) and the nature of their behavior in this trading session allow us to draw a conclusion about the corporate actions of certain banks in speculating on a fall in the ruble. Particularly active in making preliminary bids to buy foreign currency were the following banks—Slavyanskiy (S.M. Loshchatova), Menatep (M.B. Khodorkovskiy), Inkombank (V.V. Vinogradov), the International Moscow Bank (V.B. Sudakov), Rosmestbank (A.Yu. Kuzminskiy), and Imperial (S.S. Rodionov)—which accounted for almost 50 percent of the entire opening demand. Following the sharp rise in the dollar in the process of trading 11 October certain banks, instead of buying foreign currency as they had stated, started selling it or buying it in

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considerably smaller amounts. According to official figures from the foreign exchange market, the largest excesses of sales over purchases of foreign currency were run up by Mostbank (V.I. Gusinskiy), Neftekhimbank (G.V. Zhuk), Alfa-Bank (P.O. Aven), the International Moscow Bank (V.B. Sudakov), and Mezhkombank (S.K. Ovsyannikov), which therefore made the biggest profits.

The analysis of the situation that emerged 11 October 1994 gives the Commission grounds to assert that the ruble's collapse could have been avoided. All the basic factors and causes that led to Black Tuesday were known to federal executive economic organs, and their consequences should have been foreseen and prevented in good time.

It should be noted that the very considerable excess demand for dollars ($312 million) on 11 October was not an exception. The excess was $310 million on 23 August and $326 million on 4 October. But on those days the Central Bank engaged in considerable foreign currency intervention ($307 million and $310 million), which made it possible to prevent a collapse in the ruble. Central Bank intervention 11 October was just $80 million, and then only at the final stage of trading.

During its investigation into the causes of the ruble's sharp fall the commission analyzed the nature of the action taken by the leading economic federal executive organs (the Central Bank, the Economy Ministry, the Finance Ministry, and the Russian Federal Service for Currency and Export Controls) and their leaders in failing to prevent the ruble collapse of 11 October 1994 and the consequences of this event.

Commission members noted that the sharp fall in the ruble was the result of a lack of coordination in the actions of these state organs, their mistaken assessment of the possible behavior of foreign-exchange market players, and their very low level of activity in influencing this process. The investigation revealed irresponsibility on the part of officials, despite the existence of legislative and normative acts regulating the activity of the country's foreign-exchange market.

The Russian Federation law "On Foreign Currency Regulation and Exchange Controls" (Article 9) of 9 October 1992 defined the Central Bank of Russia as the main organ of foreign-exchange regulation in the country. Subsequent normative documents published to develop this law fleshed out the Central Bank's rights and duties in this sphere. Thus, Council of Ministers-Russian Federation Government Decree No. 205 of 6 March 1993 "On Stepping Up Foreign-Exchange and Export Controls and On Developing the Foreign-Exchange Market" (Paragraphs 17 and 18) instructed the Central Bank to take measures to develop the domestic foreign-exchange market with a view to consistently pursuing a line of stabilization and strengthening the ruble exchange rate with the help of a tight monetary and credit policy, measures to mobilize domestic and external foreign-exchange resources, and intervention on the foreign exchanges. The Russian Federation's central bank had all the legal foundations for actively influencing the ruble rate.

But the Central Bank of Russia (V.V. Gerashchenko, Deputy Chairman D.V. Tulin, and A.I. Potemkin, director of the International Operations Department) limited its influence on the market's activity to foreign currency intervention, which was patently inadequate. World practice has developed a wide range of measures to control the process of price formation in exchange trading—including the setting of ceilings for rate fluctuations in a single trading session, the introduction of bands within which the exchange rate is set, the payment by participants in exchange trading of a surety guaranteeing the execution of deals concluded, the right to suspend trading, and so forth. But none of these mechanisms for controlling the exchange rate was envisaged or implemented in practice by the Russian Federation's central bank at the Moscow Interbank Currency Exchange. D.V. Tulin, deputy chairman of the Central Bank of Russia, admitted that the Central Bank leadership and he himself had the right to suspend and abandon trading 11 October, but that this was not done since "we underestimated and could not have imagined the political consequences of the sharp rate fluctuations." The Central Bank leadership noted at sessions of the State Commission that it is no longer sufficient to use merely the results of trading on the Moscow Interbank Currency Exchange to establish the official rate of the ruble.

This year the Central Bank (D.V. Tulin) has stopped regulating purchases and sales of foreign currency by the population, and has been refraining from using the previously established spread (the difference between the bid and offer rates) of 10 percent, arguing that the difference is actually considerably less. But the work of authorized bank exchange centers after 11 October this year showed that the excess of the offer rate over the bid rate reached 20 percent and was clearly speculative, leading to unscrupulous extortion of the population and exploitation of the speculative demand situation. Thus, the explanation that its failure to regulate this position in foreign-exchange operations was due to an effort to protect the banks against losses caused by unforeseen rate fluctuations and the creation of obstacles to speculative foreign-currency operations by the population is baseless. The Bank of Russia's regulatory actions should be involved primarily in preventing sharp fluctuations on the foreign exchanges and protecting the population against possible losses in this regard.

The Central Bank Inspectorate for Banking Activity (S.Ya. Panov) had been doing a very poor job in the exchange, creating extensive opportunities for various breaches of regulations to go unpunished.

Since 20 September and particularly in October 1994 the Central Bank of Russia, although encountering a considerable fall in its foreign reserves, failed to put to the

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Russian Finance and Economy Ministries the question of possible ways to replenish them; it thereby virtually lost by default its influence over the foreign-exchange market. The Central Bank and the Russian Finance Ministry did this work only after the ruble collapsed.

The other federal organ responsible for the entire range of foreign-exchange problems is the Russian Finance Ministry. Under the statute on the ministry (Paragraph 1), the Russian Finance Ministry is the federal executive organ responsible for implementing a unified state financial policy. Within the framework of this function the Russian Finance Ministry is obliged (Paragraph 7k of the Statute) to take part, in conjunction with the Russian Economy Ministry and the Central Bank of Russia, in the elaboration and implementation of measures to improve the ruble's buying power. But the Russian Finance Ministry (S.K. Dubinin and First Deputy Minister A.P. Vavilov), as the events of 11 October showed, devoted too little attention to this sphere of their activity. After the failed state short-term bond auction, the Finance Ministry, taking account of other negative trends in the financial market, should have foreseen that a higher-yielding segment of the market (the foreign-exchange market) was emerging and that it would divert market players' funds. In this instance the Finance Ministry was obliged to inform the Central Bank and ensure in conjunction with it that these market segments were balanced. There were sufficient time and available funds to ensure that this was done. The Central Bank should have done likewise. But they did not react at all to the actions of the Sberbank and other banks in lowering ruble deposit interest rates.

Despite the exacerbation of the situation on the foreign-exchange market in the third quarter of 1994, entirely predictable by the fall of 1994, the Russian Finance Ministry failed to make any specific proposals to safeguard the stability of the ruble rate at ministry collegium sessions or at ministry conferences.

Thus there were undoubted shortcomings in the actions of the Central Bank and the Russian Finance Ministry. The action taken by the leaders of those organs stemmed from their departmental impressions of the state of affairs in the economy and were coordinated neither with the general economic situation nor with each other.

In this connection the Commission examined the role and functions of the Russian Federation Economy Ministry in coordinating state activity in the sphere of normalizing the money supply. It was deemed indisputable that the state of the money supply and the financial market is indissolubly linked with the totality of economic processes and phenomena. The financial market cannot be stabilized in isolation from the overall economic situation.

Under its statute, ratified by Council of Ministers-Russian Federation Government Decree No. 185 of 2 March 1993, the Russian Economy Ministry is the central federal executive organ implementing state economic policy (Paragraph 1). Within the framework of this task the Russian Economy Ministry is obliged to analyze the socioeconomic and financial situation and the position in the commodity and financial markets, the securities market, and stock exchanges, to reveal imbalances in the country's economic development and define ways to eradicate them (Paragraph 4b), and to draw up proposals on measures to regulate the money supply, improve the state of transactions in the national economy, shape the securities market, and promote joint-stock capital (Paragraph 4c).

But the events of 11 October on the foreign exchanges showed that the Russian Economy Ministry had of late to all intents and purposes retreated from implementing an active state policy on financial market questions. At Commission sessions A.N. Shokhin admitted that questions of the foreign-exchange market's workings had not been examined at ministry collegium sessions either before or after 11 October, whereas, according to the distribution of functions within the government, the ministry was supposed to coordinate questions of economic reform and development, the budget, and the finance, credit, monetary, and foreign-exchange systems.

The Commission unanimously concluded that, if federal executive organs' economic actions in the country were not properly coordinated, various disruptions to the functioning of the economy would always be possible because of their uncoordinated decisions.

The Russian Federal Service for Currency and Export Controls (headed by V.F. Krunya) has been in operation for a year now. Under the statute on the service ratified by Council of Ministers-Russian Federation Government Decree No. 560, "Questions of the Russian Federal Service for Currency and Export Controls" of 16 June 1993, the service is tasked with organizing an integrated system for monitoring the observance by residents and nonresidents of normative acts regulating foreign-exchange operations, the elaboration of proposals for improving foreign-exchange legislation, and so forth (Paragraph 1).

But this service has been virtually inactive with regard to questions of monitoring bank activity in the marketplace. According to a statement made by V.F. Krunya at a State Commission session, the Federal Service for Currency and Export Controls was unable to organize contacts with the Central Bank and the Moscow Interbank Currency Exchange on the questions of monitoring foreign-exchange operations in the market and, following 11 October, carried out no special checks into the activity of foreign-currency exchange centers, where speculation had flourished during this period. V.F. Krunya admitted that the Federal Service for Currency and Export Controls had failed to make use of all the rights at its disposal in respect of foreign-exchange operations. On the whole, V.F. Krunya's report to the Commission was very unsatisfactory.

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From all of the above we can draw the conclusion in principle that the country's economic and financial organs were quite capable of preventing the ruble's collapse. The lack of any harmonized, coordinated action on their part and the delay in taking resolute measures to prevent critical situations led to the events of 11 October. The government Commission for Current Issues (O.N. Soskovets) also failed to react to the acute situation that emerged on the foreign exchanges.

The rise in the ruble 12-13 October 1994 did not fully compensate for the political and economic impact of what had happened.

The ruble's collapse had international repercussions that were very strong and quite unfavorable for Russia.

The impact of the ruble's fall on the political situation in the country has been assessed almost unanimously by experts as negative. The assumed rise in prices and the need to resort to unpopular tough measures in order to bring about economic stabilization could lead to an exacerbation of social tension.

The emergency measures taken by departments to stabilize the ruble are still very much stopgaps and do not guarantee that there will be no rerun of the crises on the foreign exchanges.

The Commission studied in greater detail the likely economic consequences of the events of 11 October, bearing in mind the need to overcome and prevent negative phenomena and processes as far as possible.

Ultimately, the collapse in the ruble affected the overwhelming proportion of the population—above all waged workers, pensioners, students, and bank depositholders. These negative consequences are manifest in the following phenomena.

1. The ruble's fall caused a one-shot surge in inflation. Whereas in September 1994 price growth averaged 0.25 percent a day, it rose to 0.4 percent in the period 1 through 11 October, and to 1.5 percent from 12 through 15 October. After 15 October prices fell somewhat in connection with the relatively sharp rise in the ruble on 13 and 14 October, but prices were still considerably higher than prior to 11 October. On the whole, average daily consumer price growth between 12 and 25 October was 0.48 percent. This is almost double what it was in September. For October as a whole, according to government estimates, inflation will have been up to 15 percent—twice as much as in September and almost four times higher than in August. Thus, real incomes fell for all sections of the population receiving wages, pensions, benefits, and so forth. The greatest losses from the price growth caused by the collapse of the ruble were suffered by the population of those cities and regions where there is a high proportion of imported consumer goods. Labor remuneration was devalued too.

2. Substantial losses were suffered by members of the population who had deposited funds in bank accounts. As a result of the surge in prices, deposit interest rates lagged substantially behind price growth, and the population's savings were devalued. Thus, for instance, as of 1 October 1994 the Sberbank held R11.8 trillion in deposits from the population in deposit and other accounts. In October 1994 expected consumer price growth was running at more than twice the interest rate on deposits. Moreover, the sizeable funds held by the population on deposit with commercial banks were also considerably devalued in October as a result of the surge in price growth.

3. The destabilization of the foreign-exchange market exacerbated the financial position of a number of banks. This reduces the population's confidence in financial institutions, makes people less inclined to save, and encourages them to buy hard currency or goods as the most reliable way of preserving the value of their money.

The collapse of the ruble will have a negative impact on the investment sphere. The instability of the ruble and the price situation are clearly undermining the already very slight desire of entrepreneurs and investors—including foreigners—to invest in the development of production. And this in turn means that the prerequisites will be created for a further slump in production and investment activity.

The surge in prices in the wake of 11 October is increasing the disparity in the assessments of the value of fixed capital. This makes it possible for investors—particularly foreign investors—to buy up property for hard currency at artificially low prices in the course of privatization.

All these factors could to a certain extent influence the effectiveness of the financial stabilization measures envisaged by the government and, in particular, the measures to improve investment activity, create reliable financial market institutions, and replace inflationary federal budget deficit funding sources with loans raised on the state securities market.

The Commission considers it necessary to take the following specific measures as soon as possible to regulate the ruble in accordance with laws and presidential edicts:

1. Proposals shall be drawn up to change the procedure for setting the official ruble rate in line with operations in all sectors of the financial market and other market factors, as envisaged by Russian Federation Presidential Edict No. 629 of 14 June 1992.

2. Taking account of world practice, the Russian Central Bank, Finance Ministry, and Economy Ministry shall elaborate a detailed and more effective mechanism for conducting market operations, bearing in mind that:

there shall be strict controls to ensure that the banks taking part in trading have sufficient funds of their own to pay for the foreign currency (in order to rule out the possibility of speculative operations);

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limits for rate fluctuations within a single trading session shall be introduced along with price bands within which foreign-currency exchange rates shall be set, so as to rule out the possibility of sharp fluctuations in the ruble rate;

a more clear-cut procedure shall be laid down to define the rights of the exchange administration and the Central Bank of Russia to suspend trading, revoke licenses, and take other measures against traders who breach regulations, along with a mechanism for collaboration between the Central Bank and the foreign exchanges;

in accordance with the law on exchange controls and foreign currency regulation, a law shall be drawn up on the procedure for shaping and utilizing the country's gold and foreign-currency reserves, stipulating within it a procedure for shaping the optimum levels of the different types of reserves;

a procedure for the compulsory licensing of foreign-exchange markets and the periodic confirmation of previously obtained licenses shall be elaborated and introduced;

organizational and technical measures for creating an information system to ensure the systematization of the dynamics of ruble exchange-rate correlations in all segments of the foreign-exchange market and determine the middle-market rate [usrednennoye znacheniye] shall be elaborated;

in finalizing a law on the securities market and the stock exchange a special section shall be provided to regulate the activity of the foreign exchanges.

3. Savings by the population in the form of bank deposits, enterprise shares, and state securities shall be encouraged as an urgent measure to prevent inflation from intensifying. To this end it seems necessary to instruct the Russian Federation Sberbank to swiftly amend interest rates on the population's deposits to take account of the inflation rate. The Russian Federation State Committee for the Management of State Property shall resolve the issue of the sale on the domestic market in the near future of shares in the most stable and popular enterprises, housing, and other property.

4. The need for special legislative regulation of the activity of the Russian Federation Sberbank shall be examined, envisaging restrictions on the structure of its assets and a mechanism for setting interest rates on deposit operations with the population.

5. Controls shall be stepped up on the observance of foreign-exchange legislation and the norms and requirements laid down by the Bank of Russia to ensure fulfillment of that legislation. The Government Commission for Questions of Credit Policy shall be tasked with examining questions relating to the functioning of the foreign-exchange market, including the leaders of the Federal Service for Currency and Export Controls, the State Customs Committee, the GNS [abbreviation unknown, may be "State Tax Service"], and the Ministry of Foreign Economic Relations as additional members of the Commission.

6. Stores, other retail institutions, and enterprises providing services to the population shall be prohibited from setting prices for goods and services in foreign currency with a view to ensuring fulfillment of the statutes banning the use of foreign currencies in transactions between customers. The Russian State Tax Service, in conjunction with the Central Bank of Russia, shall elaborate a system of fines for the use by economic subjects of arbitrary currency quotations in transactions with customers.

7. A procedure shall be laid down for holding emergency conferences at the level of leaders of the Central Bank, Finance Ministry, Economy Ministry, and Russian Federation Presidential Staff and, if necessary, government sessions involving Central Bank leaders to elaborate and adopt measures in the event of current financial market conditions' threatening to lead to excessively sharp exchange-rate fluctuations or of gold and currency reserves' falling to critical levels.

8. The Central Bank, the Economy Ministry, and the Russian Finance Ministry shall draw up proposals for a concept for the development of the foreign-exchange market, its legal status, and its functions, with an eye to organically including the foreign-exchange market in the overall stock-market system.

9. The Economy Ministry shall rapidly draw up proposals for measures to smooth over the negative consequences of the sharp drop in the ruble and the concomitant rise in consumer prices.

10. The Economy Ministry, the Finance Ministry, and the Central Bank of the Russian Federation shall take measures to step up the coordination of their actions in the sphere of money supply regulation, to expand and improve the accuracy of information on this issue, and to supply that information to executive organs to enable them to make swift decisions.

11. Work on computerizing the credit, financial, and banking sphere shall be accelerated, given that the use of new banking information technology—provided that security and reliability requirements are observed—should substantially cut the time required for interbank transactions; the level of protection for electronic funds transfer [elektronnyy denezhnyy dokumentooborot] against criminal action shall be increased and the damage done by crime in this sphere reduced; the solidity and stability of the work of the credit, finance, and banking system as a whole shall be ensured; and additional opportunities shall be created for bringing illegal activities to light and highlighting factors that destabilize the sociopolitical situation.

The Central Bank of Russia—in conjunction with the Foreign Trade Bank of Russia, the Association of Commercial Banks, the Federal Counterintelligence Service,

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the Federal Government Communications and Information Agency, the Russian MVD [Ministry of Internal Affairs], and the General Prosecutor's Office—shall accelerate the creation of an interbank security service, as envisaged in Paragraph V.18 of the Russian Federation Federal Program for Accelerating the Fight Against Crime in 1994-1995. The Russian Federation Security Council shall step up its monitoring of the implementation of this task.

12. The Russian Federation Central Bank shall be instructed to carry out comprehensive checks into the activity of a number of commercial banks—particularly in the period since 1 October this year—and, on the basis of the results, to examine the question of instituting proceedings against parties to speculative deals who were in breach of the regulations governing foreign-exchange operations, up to and including revoking their licenses.

13. Given that the leaders of the Russian Finance Ministry, the Russian Economy Ministry, the Federal Service for Currency and Export Controls, and the Central Bank of Russia failed to take timely measures to prevent speculative operations in the foreign-exchange market—which did considerable economic and political damage to the interests of the state and its national security—the Commission believes that, alongside the previously adopted decisions to relieve Central Bank of Russia Chairman V.V. Gerashchenko and acting Russian Finance Minister S.K. Dubinin of their duties, proceedings should also be instituted against A.N. Shokhin, Russian Federation deputy premier and economy minister; A.P. Vavilov, Russian Federation first deputy finance minister; V.F. Krunya, leader of the Russian Federal Service for Currency and Export Controls; D.V. Tulin, former deputy chairman of the Central Bank of the Russian Federation; and A.I. Potemkin, director of the Central Bank of Russia's International Operations Department.

14. The government needs to urgently discuss the causes and consequences of the ruble crash and to take specific measures, including steps to ensure coordination of the activity of federal organs of power in the financial and foreign-currency sphere and cadre retention in the relevant administrative organs.

Brain Drain Continues, Another Budget Cut Planned

LD0911204494 Moscow ITAR-TASS in English 1859 GMT 9 Nov 94

[By ITAR-TASS correspondent Vladimir Yegorov]

[FBIS Transcribed Text] Moscow November 9 TASS—With the "brain drain" sweeping in Russia, the planned twofold cut in real budget expenditures for science in 1995 will bring to mass dismissals of scientists and another sharp decrease in their life level, a scientists' trade-union leader told TASS today.

Over 30 percent of Russian scientists have migrated abroad or rushed into private business in the past three years, Vladimir Khlebodarov, president of the Russian Academy of Sciences' trade union, said.

A problem of preserving Russia's scientific potential under the ongoing transfer to free market is in the focus of a conference of scientists' trade unions from the Commonwealth of Independent States which opened in Moscow on Wednesday.

According to Khlebodarov, the Russian science "went into a coma" due to the lack of financing.

As of early 1994, the science budgeting was cut by 20-30 times compared with 1990. In 1994, federal expenditures were curtailed by 40 per cent. This move "provoked an outburst of indignation among Russian intellectuals", Khlebodarov said.

Still more criticised is the anticipated twofold curtailing of expenditures for science in 1995. "Under snowballing crisis of science, we are preparing for an all-Russian protest action of scientists", the trade-unionist said.

Moscow To Issue Uniform Bills of Exchange

LD0911172794 Moscow INTERFAX in English 1427 GMT 9 Nov 94

[FBIS Transcribed Text] Russia will introduce uniform bills of exchange on December 1 as a way of resolving the payment crisis, Deputy Finance Minister Andrey Kazmin said at a meeting of the government commission on improving settlements on Wednesday.

He said the first issue of bills now being sent to regional treasuries will be circulated initially in Moscow and the Moscow region, St. Petersburg and Yekaterinburg.

Information about the issue of bills and subsequent operations is now available in all the regions, it was pointed out at the meeting chaired by First Vice Premier Oleg Soskovets.

The new measure was to go into effect on November 1 but had to be delayed by a month because of the failure of the Finance Ministry and the Central Bank of Russia to coordinate their moves.

Government estimates put payables and receivables of Russian plants stood at 128 trillion rubles and 104 trillion rubles respectively in the eight months to September with overdue payment standing at 58 trillion rubles and 54 trillion rubles respectively.

Federal Assembly

Federal Assembly Chronology: Late Aug-Oct 1994

95P20143

[FBIS Media Note] [Introduction] This FBIS Media Note contains a topical listing of major decisions, discussions, and actions made by or taken on behalf of the

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Russian State Duma and Federation Council. Further textual material is available in the 1994 editions of the FBIS Daily Report (DR) "Central Eurasia." The DR citation with page numbers is provided at the end of each entry. A list of abbreviations and their expansions follows the chronology. Items that have been entered under more than one topic heading are marked with an asterisk (*).

The fall session of the Assembly is scheduled to run from 5 October to 25 December 1994 (5 Oct 94, 14; 6 Oct 94, 26), but Duma Chairman Ivan Rybkin has indicated he might extend the Duma's session until 30 December to ensure passage of the 1995 budget (INTERFAX, 28 Oct 94)

FOREIGN POLICY AND ARMS CONTROL

U.S. and Europe

14 Oct 94 - Duma adopts statement condemning the continued U.S. embargo against Cuba (17 Oct 94, 18)

21 Oct 94 - Duma ratifies agreements on migrants' rights issued between Russia and Estonia, Latvia (24 Oct 94, 32)

28 Oct 94 - Duma ratifies treaty with Latvia concerning withdrawal of Russian troops (31 Oct 94, 41, 82)

28 Oct 94 - Duma ratifies the Russian-German Customs Service Cooperation Treaty instituted to combat smuggling of strategic material from Russia and trafficking in drugs and works of art (31 Oct 94, 42)

CIS

*7 Oct 94 - Duma ratifies the CIS Economic Union treaty; treaty already ratified by all other CIS countries (11 Oct 94, 43); on 25 October Council ratifies it (26 Oct 94, 27); on 2 November President Yeltsin signs it (ITAR-TASS, 2 Nov)

7 Oct 94 - Council ratifies agreement between Russia and Kazakhstan on use of Baykonur cosmodrome; Duma ratified agreement 21 July (11 Oct 94, 44); on 24 October Yeltsin signs it (28 Oct 94, 12)

21 Oct 94 - Duma ratifies agreements on migrants' rights issued between Russia and Turkmenistan, Georgia, Tajikistan (24 Oct 94, 32)

Near East and Asia

14 Oct 94 - Duma adopts law "On Ratification of the Treaty on Basic Principles of Friendly Relations Between the Russian Federation and the Lao People's Democratic Republic" (14 Oct 94, 28); on 2 November Yeltsin signs it (ITAR-TASS, 2 Nov) (vote: 277-0, 9 abstentions, according to the STATE DUMA BYULLETEN, No. 56, 14 Oct 94)

General

14 Oct 94 - Duma adopts law "On Ratification of the UN Framework Convention on Changing the Climate" (14 Oct 94, 28); on 25 October Council ratifies it (26 Oct 94, 28) (vote: 318-2, 4 abstentions, according to the STATE DUMA BYULLETEN, No. 56, 14 Oct 94)

MILITARY AND SECURITY ISSUES

7 Oct 94 - Duma rejects two competing draft resolutions on setting up a parliamentary commission to oversee legal compliance of OMON (special purpose police unit); resolutions returned to committee for review (11 Oct 94, 44)

19 Oct 94 - Duma instructs Defense and Security Committees to investigate murder of journalist Dmitriy Kholodov and charges of corruption in Western Group of Forces, raised by Kholodov (RIA, 19 Oct 94)

POLITICAL AND LEGAL ISSUES

Executive Branch Relations

31 Aug 94 - Yeltsin appoints Deputy Prime Minister Shokhin to be his official representative at the Federal Assembly during ratification of the Russian-American treaty "On Encouragement and Mutual Protection of Investments" (1 Sep 94, 11)

8 Sep 94 - Yeltsin returns to Duma seven laws adopted at its first session with suggestions for revisions; Duma will also reexamine eleven laws rejected by the Council (9 Sep 94, 35)

15 Sep 94 - Rybkin announces six faction leaders agree to proposal to hold simultaneous presidential and parliamentary elections in June 1996 (16 Sep 94, 33)

11 Oct 94 - Yeltsin meets with Duma leaders to discuss legislative priorities: election laws, relations between center and regions, and economic laws (12 Oct 94, 17, 19)

12 Oct 94 - Duma rejects proposal to formulate a law requiring mandatory medical exams for candidates to top state posts and incumbents (14 Oct 94, 27)

13 Oct 94 - Yeltsin meets with Council leaders and expresses satisfaction with the operation of parliament (14 Oct 94, 24)

14 Oct 94 - Duma rejects CPRF proposal to force a discussion of Yeltsin's "behavior during his official and working visits," prompted by apparent public inebriation in Berlin and Ireland (vote: 124 for proposal) (14 Oct 94, 27)

17 Oct 94 - Duma's Council decides to postpone vote of confidence in government from 21 October to 27 October (18 Oct 94, 23)

27 Oct 94 - Prior to Duma's scheduled vote of confidence, Prime Minister Chernomyrdin delivers a speech

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on the implementation of the 1994 budget and main points of 1995 budget (27 Oct 94, 17; 28 Oct 94, 15; 31 Oct 94, 33)

27 Oct 94 - Duma rejects a no-confidence vote in the government (vote: 194-54, 55 abstentions, 226 votes were required for passage) (28 Oct 94, 13; 31 Oct 94, 20)

Internal Legislative Issues

7 Oct 94 - LDPR walks out of Duma session to protest perceived lack of federal action after Zhirinovskiy's plane was denied landing rights in Kemerovo; CPRF, Agrarian, and Russian Way factions in a solidarity move walk out, thereby forcing an adjournment of the session due to lack of a quorum; on 12 October with the promise of remedial action to be taken against those involved in landing incident, the LDPR decides to return (7 Oct 94, 10; 11 Oct 94, 43; 12 Oct 94, 19)

12 Oct 94 - Duma rejects LDPR deputy Mitrofanov's proposal to discuss MMM joint stock-company head Sergey Mavrodi's nomination as a Duma candidate; Mitrofanov argued that parliamentary candidates cannot legally remain under arrest (vote: 136 supported proposal) (13 Oct 94, 28)

24 Oct 94 - Council elects Anatoliy Dolgolaptev, a Council deputy and deputy head of the Moscow Oblast Administration, as its third deputy chairman (25 Oct 94, 29)

30 Oct 94 - Mavrodi elected to the Duma from Moscow's Mytishchi constituency no. 109 with 27 percent of the vote (31 Oct 94, 41)

Political Parties and Political Life

12 Oct 94 - Duma overrides Council rejection of the election funding law: "On Introducing Modifications and Amendments into Individual Laws of the Russian Federation on Taxes and on the Specific Features of the Order of Deductions for Individual State Extrabudgetary Funds"; the law exempts from taxation funds earmarked for financing federal and local election campaigns (RIA, 12 Oct 94)

26 Oct 94 - Duma passes on third reading draft law "On the Principal Guarantees of Electoral Rights to Citizens of the Russian Federation," stipulating that the Duma, Council, and President shall each appoint five members of the Central Electoral Commission (27 Oct 94, 21)

28 Oct 94 - Solzhenitsyn delivers 50-minute speech to Duma, emphasizing low standard of living in Russia and accusing leaders of being too removed from the people (ROSSIYSKAYA GAZETA, 1 Nov)

Judicial and Legal Reform

12 Oct 94 - Duma passes on third reading draft law "On Combatting Corruption" requiring persons performing state functions to submit financial disclosure reports (13 Oct 94, 28) (vote: 257-4, 2 abstentions, according to the STATE DUMA BYULLETEN, No. 55, 12 Oct 94)

24 Oct 94 - Council rejects Aleksey Ilyushenko as Prosecutor General (vote: 76 votes for); Council approves Vladimir Tumanov (vote: 92-56), Olga Khokhryakova (vote: 90-56), Vladimir Yaroslavtsev (vote: 99-47) and rejects Mikhail Mityukov (vote: less than the required 90 votes) as members of the Constitutional Court (25 Oct 94, 28); Council previously rejected Ilyushenko on 25 April

24 Oct 94 - Council approves Yeltsin's nomination of eight judges for the Supreme Court; Council has already approved 42 judges of the 115-member court (25 Oct 94, 29)

ECONOMIC POLICY

*7 Oct 94 - Duma ratifies the CIS Economic Union treaty; treaty already ratified by all other CIS countries (11 Oct 94, 43); on 25 October Council ratifies it (26 Oct 94, 27); on 2 November Yeltsin signs it (ITAR-TASS, 2 Nov 94)

21 Oct 94 - Duma adopts Part I of civil code which sets the juridical and legal norms for market economy (24 Oct 94, p 29)

28 Oct 94 - Duma adopts decree calling government's economic policy "unsatisfactory" (vote: 235 in favor) (31 Oct 94, 39)

Budget, Taxes, and Banking

6 Oct 94 - Duma's Committee on Budget recommends rejection of Yeltsin's amendments to law on procedures for adopting 1995 budget; Yeltsin objected to requirement to present quarterly budget commitments and submission of consolidated budget for regions (7 Oct 94, 9)

12 Oct 94 - Central Bank Chairman Gerashchenko addresses Duma at its request after the 11 October collapse of the ruble (12 Oct 94, 19; 14 Oct 94, 25)

12 Oct 94 - Duma rejects holding discussions on Yeltsin's request for the resignation of Gerashchenko (vote: 118-8); sends issue to Committee on Budget; on 13 October committee postpones any further discussion until special commission's work on ruble collapse is completed (13 Oct 94, 11, 26; 14 Oct 94, 9)

12 Oct 94 - Duma overrides Yeltsin's veto to law on procedures for adopting 1995 budget; approves for a second time the 1995 budget bill (vote: 310-6, 9 abstentions) (13 Oct 94, 26, 27)

17 Oct 94 - Duma's Committee on Budget recommends the Duma adopt Gerashchenko's resignation but suggests his retention as acting head until a replacement is found (committee vote: 15-8) (18 Oct 94, 21)

19 Oct 94 - Duma rejects Russian Way Baburin's motion to hold "immediate debate" on cause of ruble crash

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(vote: 204-17, 20 abstentions, according to the STATE DUMA BYULLETEN, No. 57, 19 Oct 94)

29 Oct 94 - Duma passes decree on procedures for considering 1995 draft federal budget, but sends back for further review draft law on accounts chamber [schetnaya palata], the parliamentary body to oversee implementation of the federal budget (31 Oct 94, 41)

Privatization and Bankruptcy Issues

26 Oct 94 - Duma adopts on first reading government's draft law "On State Support to Small Business in the Russian Federation" simplifying procedures for registering businesses (27 Oct 94, 20)

Social Welfare

18 Oct 94 - Duma adopts law on 1994 Pension Fund which will introduce a phased indexation of pensions (19 Oct 94, 26)

28 Oct 94 - Duma adopts law "On Preventing the Spread of AIDS" requiring HIV tests for all foreigners visiting Russia and setting up norms to protect the rights of HIV-positive citizens (31 Oct 94, 41)

Agriculture

12 Oct 94 - Duma adopts decree "On the Economic Demands of Participants in the All-Russia Rural Assembly"; decree endorses Agrarian Party demands for the government to fund agro-industrial complex according to the 1994 budget's "average indicators" and to give "maximum consideration" to the demands of the All-Russia Rural Assembly in the 1995 budget (26 Oct 94, 28) (According to the STATE DUMA BYULLETEN, No. 55, 12 Oct 94, vote is 227-17, 3 abstentions)

26 Oct 94 - Duma adopts on third reading the law on procurement and delivery of agricultural produce for state needs (27 Oct 94, 21); adopted on second reading 19 Oct (vote: 243-18, 4 abstentions, according to the STATE DUMA BYULLETEN, No. 57, 19 Oct 94)

RUSSIAN REGIONAL ISSUES

6 Oct 94 - Council at first rejects by a "narrow margin" Yeltsin's edict extending state of emergency in North Ossetia-Ingush region to 2 December 1994 (6 Oct 94, 27); then on 7 October in a compromise gesture passes edict (RIA, 7 Oct 94)

7 Oct 94 - Council adopts an appeal to Chechen people to settle differences through peaceful means (11 Oct 94, 44)

7 Oct 94 - Council head Shumeyko signs document, Decree No. 1216-I SF "On Federation Council Deputy Yu.Ye. Lodkin," which asks Yeltsin to reconsider the dismissal of the Bryansk Oblast head of administration for involvement in events of September and October 1993 (19 Oct 94, 26)

11 Oct 94 - A delegation of Chechen parliamentarians begins work in Duma; deputies bring a package of proposals to normalize relations with Russia (12 Oct 94, 20)

MEDIA ISSUES

12 Oct 94 - Duma overrides Council rejection of the draft law "On Procedures for Covering the Activities of State Bodies in the State Mass Media" (vote: 286-40, 6 abstentions) (STATE DUMA BYULLETEN, No. 55, 12 Oct 94)

14 Oct 94 - Following endorsement by Information Policy Committee Chairman Poltoranin, Duma adopts a decree "On Regional State Television Broadcasting," which finances regional TV companies until 31 December 94 through the Administration on TV and Radio Broadcasting rather than through the Federal TV and Radio Broadcasting Service (vote: 267-0) (STATE DUMA BYULLETEN, No. 56, 14 Oct 94)

26 Oct 94 - Duma adopts on first reading draft law on radio and television; law gives the state the right to supervise television broadcasting, protects Russian suppliers of radio and television material, provides antimonopoly guarantees, enacts a campaign to maintain purity of Russian language (27 Oct 94, 21)

26 Oct 94 - Duma rejects draft appeal, submitted by deputies from Defense Committee, to Russian media and political movements to stop "unfounded" accusations against military leaders (27 Oct 94, 21)

CIS - Commonwealth of Independent States CPRF - Communist Party of Russian Federation LDPR - Liberal Democratic Party of Russia UN - United Nations

Duma Decides Commission to Investigate Komi Oil Spill

LD1011102594 Moscow ITAR-TASS in English 1021 GMT 10 Nov 94

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[FBIS Transcribed Text] Moscow November 10 TASS— The Russian State Duma decided on Thursday to set up a commission to investigate the major oil spill which occurred in the northern republic of Komi near the town of Usinsk.

The proposal was submitted by Mikhail Danilov, a member of the democratic "Russia's Choice" faction, who said that the Russian Government belittles the size of the ecologiacl catastrophe, while the leadership of the Komi Republic turns down foreign offers of assistance in clean-up work.

Danilov said that the ruptured pipeline still continues to leak, while all pipelines in the area "are in a critical state".

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Duma Refuses To Discuss CIS Agreement Revision

LD1011105994 Moscow ITAR-TASS in English 1028 GMT 10 Nov 94

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[FBIS Transcribed Text] Moscow November 10 TASS—The Russian State Duma refused on Thursday to discuss the revision of the CIS founding agreement signed late in 1991 by the Russian, Ukrainian and Belarusian leaders in Byelovezhskaya Pushcha in Belarus.

The proposal to include the issue into the agenda was submitted by Communist lawmaker Nikolay Bindyukov who accused the former Russian legislature of adopting an "unconstitutional resolution ratifying the CIS-founding treaty".

He proposed his colleagues to initiate a meeting with lawmakers from Ukraine and Belarus. The idea was also turned down.

State Duma Speaker Ivan Rybkin said that the idea of revising the CIS-founding treaty "is not that popular in Ukraine and Belarus as it is among some Russian deputies".

"It would be tactless and inappropriate to speak in the Russian parliament for Ukrainian and Belarusian colleagues", he stressed.

The Byelovezhskaya Pushca agreement, signed by Boris Yeltsin, former Ukrainian President Leonid Kravchuk and former Belarusian leader Stanislav Shushkevich, is widely viewed by communists as a "plot" which resulted in the collapse of the Soviet Union.

Regional Affairs

Chernomyrdin Tours Kirov Oblast Enterprises

MM1011111994 Moscow KRASNAYA ZVEZDA in Russian 10 Nov 94 p 1

["Own information" report under the "KRASNAYA ZVEZDA and News Agency Correspondents Report" rubric: "The Country's Leaders Have 'Gone to the People'"]

[FBIS Translated Excerpt] Moscow—[passage omitted] Head of Government Viktor Chernomyrdin yesterday visited Kirov Oblast, where he familiarized himself with the state of affairs at major military-industrial complex installations and with progress in converting local production facilities. The premier visited Kirovo-Chepetsk Chemical Combine, the base of the Scientific Research Institute of Microbiology, and Kirov's "Avitek" Enterprise.

Moscow Moves To Combat Radioactive Contamination

MK0911142094 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 9 Nov 94 p 1

[Unattributed report: "Moscow Bracing for Environmental Disasters"]

[FBIS Translated Text] Yuriy Luzhkov has imposed by his edict a special procedure for eliminating effects of chemical and radioactive contamination. Recent accidents involving the release of poisonous substances into the atmosphere at the railway stations of Perovo and Khovrino, which nearly took a heavy human toll, exposed a complete disarray at the city's operational rescue services. The Russian capital lacks special enterprises to recycle poisonous substances or even decontamination means.

The general control over rescue operations in contaminated areas has now been placed on the Civil Defense Staff of the city of Moscow. (Strange as it might seem, it did not have this function before.) It will be aided in its efforts to handle emergency situations by the militia, fire brigades, operatives of the "Radon" Scientific-Production Association, fire-fighting and emergency maintenance trains of the Moscow railway, and even paramilitary mining rescue units. The decree also determines special chemical plants to which collected poisonous substances and contaminated soil will be transported.

In addition, the Civil Defense Staff was given two months to present its proposals to the Moscow government on creating a special radiation and chemical protection service in Moscow.

Moscow Mayor Raises Gasoline, Diesel Prices

MM0911140394 Moscow NOVAYA YEZHEDNEVNAYA GAZETA in Russian 9 Nov 94 p 1

[Report from INTERFAX roundup: "Yuriy Luzhkov Orders Increase in Price of Gasoline"]

[FBIS Translated Text] Retail prices of gasoline and other motor fuel sold at service stations in Moscow have been raised as of 8 November. By order of Moscow Mayor Yuriy Luzhkov, one liter of A-92 gasoline will now cost 500 rubles [R] instead of the previous R400, while one liter of A-76 gasoline costs R400 (previously R330) and one liter of diesel fuel is being sold at R390. The mayor's directive indicates that these steps have been taken in connection with oil extraction complex enterprises' increasing the wholesale price of crude oil.

Shortages May Have Been 'Engineered'

MM0911161994 Moscow IZVESTIYA in Russian 9 Nov 94 p 1

[Report by Sergey Leskov: "Gasoline Panic in Moscow Is Repeat of Black Tuesday Scenario"]

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[FBIS Translated Text] Disruptions in gasoline supplies have been going on for a week now. But it was difficult to imagine the shortage of recent days even during the heroic era of universal waiting lines. But on 7 November, which is symbolically and unbelievably sad, it became finally clear how little headway we had made along the path of market reforms. Gasoline completely disappeared from state service stations, while private owners from their grubby gasoline tankers, surrounded by a swarm of limping vehicles, raised the price tenfold. And we meekly acquiesced....

As Boris Nikolskiy, first vice premier of the Moscow Government, explained to your correspondent during a short break between government sessions, the gasoline panic was due to an accident (yet another accident!) at Moscow's oil refinery at Kapotnya. Back on 29 October a cracking unit, which distills petroleum into usable gasoline, went out of action. The daily gasoline output of 6,000 tonnes fell by 2,000 tonnes. Stocks kept the capital going for several days, but they were exhausted by the weekend. On 1 November Moscow's stocks stood at 5,500 tonnes, on 7 November only 2,500 tonnes were left. Gasoline was issued only to the city's essential services.

Boris Nikolskiy anticipated that the gasoline situation would ease somewhat by the evening of 8 November, as the accident had been cleared up at the oil refinery on 6 November. The problem is aggravated by the fact that shipment of gasoline from other regions which previously used to help Moscow out has become more difficult. Moscow's southern neighbor, Ryazan, will not now be moved by its entreaties, while the refinery in Kirishy will not agree to a price under 700 rubles [R]. Boris Nikolskiy refrained from making any categorical assessments for the time being, suggesting that we should wait for the meeting between Mayor Yuriy Luzhkov and Russian Fuel and Energy Minister Yuriy Shafranik scheduled for 1530 hours on 8 November.

It is reassuring, of course, that the country's officials are consulting. However, IZVESTIYA's correspondent was witness to the fact that the leaders of City Hall and the Ministry of Fuel and Energy have already met: They met, admittedly, on another matter, back on Thursday [3 November]. They radiated Olympian calm at the time, although journalists, bent as ever on spoiling the leaders' mood, did put questions about the gasoline crisis.

It is curious that the speculators selling gasoline by the roadside have not encountered any problems obtaining it. For them it is as if the accident never happened. With a state price of R400 for AI-93 grade, desperate motorists consider getting it for R4,000 a success. While on 8 November the mayor of Moscow, even before his meeting with the fuel minister, increased the state price to R500—by 25 percent, that is. A month does not seem to have passed since the last price hike.

The development of events causes wise, experienced motorists to place no undue trust in the story of the accident at Kapotnya. People are inclined to the view that the shortage, as has already happened umpteen times, was engineered to make people see the coming price rise as a great boon.

This conjecture is also borne out by a conversation with Tatyana Fedyayeva, deputy director of Moscow's oil refinery. She drew attention to fact that the refinery went back to normal operation on 6 November, but the waiting lines did not diminish thereafter. You should not talk at all about an accident at the refinery either, but about a planned stoppage for routine maintenance. It should have been done back in the summer but was delayed, and thus they took a couple of days longer than usual fixing the equipment. While the cause of all the woes lies in the "Mosnefteprodukt" Organization, which supplies the city with gasoline from all regions.

Unfortunately, it proved impossible to talk with anyone from that structure. The secretary at reception explained despondently that Oleg Losev, the head of the company, was sorting things out with the government, while "everyone else is sick." According to outside information, "Mosnefteprodukt's" main problem does not lie in the epidemic situation in the apparatus, but in the demands for prepayment by suppliers, for which there is a shortage of ready money.

At the same time it is pretty obvious that the fuel price hike will lead to a whole chain reaction of price rises. And, furthermore, in the next few days we will see not a 25-percent rise but a wholesale, rampant increase.

Some skeptics think that the consequences of Red Monday, if you regard 7 November as such, are altogether comparable to the consequences of the currency collapse on Black Tuesday.

One can only guess at the specific results of the gasoline panic. But there is no doubt that the members of the commission headed by Security Council Secretary Oleg Lobov, having only just finished sitting on one issue, can again lock themselves inside their offices to try to plumb the secret springs of the latest act of sabotage against the poor dumb Russian man in the street.

EBRD Allocates Funds to St Petersburg Projects

LD0911150394 Moscow ITAR-TASS in English 1449 GMT 9 Nov 94

[By ITAR-TASS correspondent Svetlana Ivanova]

[FBIS Transcribed Text] St. Petersburg November 9 TASS—The European Bank for Reconstruction and Development (EBRD) allocates 235 U.S. dollars to finance St. Petersburg's projects which were submitted to the third annual meeting which EBRD directors held in April in St. Petersburg, first deputy chairman of the St. Petersburg government Aleksey Kudrin told journalists on Wednesday.

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Sixty-six million dollars is earmarked for the Baltiysky plant, about five million goes to the northeastern river shippers and 50 million to the St. Petersburg venture fund.

Additionally, the EBRD will finance conversion-related projects of almost 50 city's factories. The bank's credit was also won by a project which is to transfer St. Petersburg's central water station, with construction of privileged housing and offices on its ground.

The EBRD intends to invest 680,000 ecu in a high-speed motorway to communicate Moscow, St. Petersburg and the Russian border near Vyborg, the Leningrad region. Experts reckon designing the motorway will take six-eight months. Bidders will compete in a tender to invest in this project.

Nazran Protests Russian Troops 'Arbitrary' Rule

LD0911193394 Moscow INTERFAX in English 1636 GMT 9 Nov 94

[FBIS Transcribed Text] A spontaneous rally which gathered several hundred Ingush citizens was held in front of the presidential palace this afternoon. Interfax correspondents report that the demonstrators demand the republic's people be protected against "arbitrary rule by Russian servicemen."

The rally was organized by the relatives of two Ingush nationals, Malsagov and Kostoyev, killed during a police operation against an armed gang in Nazran on November 6. Three servicemen of the Omsk- based special purpose police unit were killed in the operation.

Demonstrators claimed Malsagov and Kostoyev were innocent and demanded explanations as to what kind of charges were put forward against another six Ingush nationals detained on the same day.

Ingush Prosecutor Aslanbek Dubayev described the operation as a "bandits' assault" and called on those present to disband as no rallies were permitted in the area of the state of emergency. This took effect on demonstrators and they left the square having elected six persons for talks with the republic's leadership.

Saratov Monitoring Potential Impact of CW Destruction

MM0911143894 Moscow KRASNAYA ZVEZDA in Russian 9 Nov 94 p 2

[Report by Oleg Bedula and Aleksandr Bugay: "All Quiet in Shikhany. Nonetheless Saratov Oblast Duma Is Keeping the Question of the Destruction of Chemical Weapons on the Agenda"]

[FBIS Translated Text] A visiting joint session of the Saratov Oblast Duma Committee on the Protection of Health and the Ecology and the Saratov Oblast Committee for Environmental Conservation and Natural Resources was held in Shikhany recently, devoted to the problem of the destruction of chemical weapons on the territory of Saratov Oblast. Saratov Oblast Duma deputies, scientists working on chemical problems, commanding officers of military units and subunits stationed on the territory of the settlement of Shikhany, and representatives of Gornyy and Volskiy Rayons tried in the course of their discussion of the problem to formulate the optimum organizational and legal mechanism by means of which it would be possible to tackle head-on the problem of the destruction of chemical weapons.

What was the reason for holding the visiting session? V. Belov, chairman of the oblast committee for environmental conservation and natural resources, replied briefly:

"Concern for the safety of the oblast's population."

It must be noted that the committee has already set up a chemical and radiation safety section, one of whose personnel is responsible for monitoring the state of the environment on the territory of Volskiy Rayon. Unfortunately, at the moment the oblast clearly does not have sufficient modern monitoring systems, so this research is making use of the technical base of the Shikhany military facility, Saratov State University, and the Saratov Higher Military Engineering School of Chemical Protection.

The participants in the session once again raised a question that would seem to have been clarified long ago: Is work to destroy chemical weapons in progress on the territory of the Shikhany military facility?

Its chief, Major General V. Danilkin, addressing the session, answered unequivocally:

"No, neither the destruction of chemical weapons at the testing range nor the transportation of any kind of chemical agents onto its territory is taking place."

Furthermore it was reported that a large quantity of chemical agents has been removed from the territory of the Shikhany facility and stored in the arsenal of the settlement of Gornyy. Only the minimum quantity of chemical agents necessary for laboratory tests remains in Shikhany.

"We military are prepared to take part in any expert investigation on the territory of the Shikhany military facility and are prepared to cooperate with doctors, ecologists, and scientists," Maj. Gen. V. Danilkin said.

The resolution of many contentious questions and the coordination of work related to the problem of the destruction of chemical weapons will now be taken on by the Saratov Oblast Duma Committee for Protection of Health and the Ecology.

Report Finds Human Rights Breaches in North Ossetia

MK0911121094 Moscow SEGODNYA in Russian 9 Nov 94 p 2

[Report by Lev Aleynik under the "Northern Caucasus" rubric: "Sergey Kovalev Accuses Authorities of Indifference to Human Rights. Temporary Administration in Prigorodnyy Rayon Is Unable and Unwilling To Act"]

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[FBIS Translated Excerpt] Sergey Kovalev, human rights plenipotentiary in the Russian Federation and chairman of the Human Rights Commission under the Russian Federation president, has stated that following his tour of Ingushetia and North Ossetia he submitted a memo to President Yeltsin informing him that in the state of emergency area, "massive and the crudest violations of human rights are taking place. The main reason for the worsened situation is an absolutely unconstructive position of the North Ossetia leadership, who agree in words with edicts of the Russian Federation president but who in fact disrupt their implementation. At the same time the Ingush side is increasingly showing a demonstrative and unjustified unwillingness to compromise, partially caused by the absence of real positive change in the return of forced resettlers." Sergey Kovalev noted that "a number of measures suggested in the memo, which the president heard out and assessed positively, have nevertheless not been reflected in any way in presidential documents."

The "Memorial" Human Rights Center has unveiled a report entitled "Two Years After the War." Report compiler Oleg Orlov denied "the widely broadcast news from the [conflict] zone about the start of a massive return of forced resettlers to their homes. What we have is the federal authorities' inability and unwillingness to have human rights really observed."

In the meantime, Mr. Orlov and his fellow compilers—Tatyana Kasatkina and Yan Rachinskiy, among others—believe that destabilization in the zone is fraught with massive bloodshed: any peaceful action by the population may deteriorate into a conflict given the abundance of arms and instigators. According to the Human Rights Center, "all discussions about lifting the state of emergency or narrowing down the zone will only worsen the situation and pose a threat to many lives."

The report points out that "according to various estimates there are between 46,000 and 64,000 forced resettlers from North Ossetia, and 2,728 Ingush and 848 Ossetian homes have been destroyed;" and, according to the report's authors, "the blame for this destruction falls to a considerable extent on the Russian leadership and the officials in charge of the state of emergency regime who were duty- bound to have done everything to protect the population from violence." In North Ossetia, "major paramilitary forces, which officially existed up to May 1994, were legalized by a decision of the authorities in direct violation of Russian Federation legislation, and federal organs turned over to them a big quantity of arms...."

The materials of the report confirm that the federal organs of power "were unable or did not want to display the firmness necessary for the protection of their citizens' rights in their relations with the republic's authorities, and did not grant the temporary administration sufficient powers whereas it virtually does not use the rights it already has." [passage omitted]

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International Affairs

Kuchma Describes Price Deregulation as 'Test'

LD0911194094 Moscow INTERFAX in English 1825 GMT 9 Nov 94

[FBIS Transcribed Text] President Leonid Kuchma has described as a test for the parliament the debate on the government price deregulation resolution. He criticized the Communist group for calling to suspend the deregulation.

"It is going to become clear today what the parliament is—a debate club or a legislative body", Kuchma told a Wednesday news conference in Kiev.

He hoped that common sense would prevail and the government resolution would not be suspended.

He said this year through the National Bank the government distributed advantageous credits worth 126 trillion KRB [karbovanets] with the bulk of the sum being channelled to agriculture. At the same time the crediting of industry virtually stopped, the president stressed.

Kuchma announced that he signed a decree Wednesday speeding up the land reform.

At the request of Interfax-Ukraine commenting on the decision of the EU council of economics and finance ministers to put off till December the discussion of aid to Ukraine Kuchma voiced confidence that in the final account the EU would make a positive decision. The president said that Canada and the United States have already decided to help Ukraine adding that Japan also intends to support.

On Ukraine's possible membership in the nuclear Non-Proliferation Treaty Kuchma said that guarantees of security offered by nuclear powers are the only condition for Ukraine. "We do not have other conditions", the president said adding that the United States, Britain and Russia have agreed to offer such guarantees. "We will not cling to nuclear arms, we have no possibilities for that," Leonid Kuchma stressed.

The continuation of the news conference will be published in an express edition of Interfax-Ukraine.

Kuchma on NPT Signing, U.S. Visit

LD0911172194 Moscow ITAR-TASS in English 1705 GMT 9 Nov 94

[By ITAR-TASS correspondents Viktor Demidenko and Mikhail Melnik]

[FBIS Transcribed Text] Kiev November 9 TASS—"Ukraine's joining the Nuclear Non-Proliferation Treaty must not be in any way linked to my forthcoming visit to the United States," Ukrainian President Leonid Kuchma told a news conference today.

The president said Ukraine had declared itself a non-nuclear power having neither actual nuclear technologies nor desire to obtain them. By now three commissions of the Ukrainian parliament have given consent to ratification of the treaty.

"Ukraine will sooner or later ratify the Nuclear Non-Proliferation Treaty. I'm sure of it," Kuchma stressed.

The Ukrainian president's visit to the United States is scheduled for end-November.

On Gas Debt, Land Reform, NPT

LD0911172094 Kiev UNIAN in Ukrainian 1535 GMT 9 Nov 94

[FBIS Translated Text] Kiev—"One of the principal problems facing Ukraine was the restoration of relations with Turkmenistan, which had actually been terminated due to nonpayment of our gas debts (in 1993 the debt stood at $671 million, and in 1994 at about $500 million)," Ukraine's President Leonid Kuchma said at a news conference on 9 November. According to him, agreements were signed on restructuring Ukraine's debts to Turkmenistan for 1993 with their delay for seven years and an agreement was reached on supplying 28 billion cubic meters of Turkmenistan-produced gas to Ukraine in 1995.

Replying to a question from UNIAN on whether the price for the Turkmenistan-produced gas, which is now $50 per 1,000 cubic meters on Ukraine's border, will be changed, Leonid Kuchma said this issue had not yet been resolved finally.

Also, he said that on 8 November he signed an instruction to check the activities of the "Respublika" corporation, which is paying off Ukraine's debts for oil products. According to him, a decree will be signed this week on setting up financial-industrial groups that will function, in particular, during the purchase of energy sources by the state.

Leonid Kuchma pointed out that the government had been reprimanded for the fact that it did not inform trade unions about that latest decree by the Cabinet of Ministers on price formation. Leonid Kuchma said from now on such documents would be coordinated with trade unions.

Replying to a question on the prospects of a land reform, the president of Ukraine informed those present about the decree signed on the same day that would speed up privatization processes in the countryside.

Touching on the critical assessment of this decree made by the parliament group of communists, the president of Ukraine emphasized: "One should not make a plenum of the Central Committee or a Rukh leadership sitting out of parliament." Leonid Kuchma believes that the mass communist manifestation on 7 November is evidence of the struggle for power.

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As far as Ukraine's accession to the nuclear weapons Nonproliferation Treaty is concerned (the consideration of this issue is scheduled for 11 November), Leonid Kuchma expressed the hope that it would take place. According to him, three commissions of the Supreme Council have already spoken out positively in this connection. "We have no grounds not to sign this treaty," Leonid Kuchma pointed out.

Commenting on the decision by the finance minister of the European Union to postpone the consideration of the issue on granting 85 million ECUs in aid to Ukraine, Leonid Kuchma expressed the conviction that "Europe will take a positive decision".

Shcherbak Speaks on U.S., Israeli Ambassadorship

WS1011110094 Kiev INTELNEWS in English 0241 GMT 10 Nov 94

[Interview with Ukrainian Ambassador to the United States Yuriy Shcherbak by Volodymyr Katzman; place and date not given: "Yuriy Shcherbak: Going to America 'Full of Optimism'—first paragraph is INTELNEWS introduction]

[FBIS Transcribed Text] For the past two years, Yuriy Shcherbak, a well known Ukrainian physician, writer, and public figure, has held the post of Ukrainian ambassador to Israel. Owing to his efforts, relations between the two countries have greatly improved over this period. On Oct. 23, President Kuchma appointed Shcherbak the Ukrainian Ambassador to the United States. INTELNEWS spoke with Shcherbak as he prepared for his new post on matters concerning Ukrainian-Israeli and Ukrainian-American relations.

INTELNEWS: Diplomatic relations between Ukraine and Israel were established two years ago. What is the current state of the development of these relations?

Shcherbak: The Soviet Union used to be one of Israel's major enemies, if not the biggest one. The fact that Soviet diplomatic schools were training diplomats as 'Arabists' specifically to carry out anti-Israeli policies illustrates the enmity. Obviously, such a stance could not help breed sympathies either toward the Soviet Union or toward Ukraine which was part of the Soviet empire. When our diplomatic team arrived in Israel two years ago, we began by diffusing the myths about an anti-Semitic Ukraine and, on the other hand, by studying the country. Then, the truth about Ukraine was not being heard in warring Israel, which reminded me of a besieged fortress. Even now in this country there is a militarism and mass media censorship—the Mosad police is still very influential—because the country lives under conditions of unabated terrorism. But terrorists use machine guns with a sign 'made in the USSR,' which implies that they could be made in Ukraine. Over these two years, we succeeded in melting the ice of distrust in the relations between the two countries. Today, the Israelis heartily welcome me: Shalom! Perhaps, most diplomats do not attach too much importance to the ethical side of their missions (for some reason, many people consider politicians and diplomats to have exclusive rights to cynicism), but for me, personally, it is a matter of immense importance that during these last years I felt myself in complete harmony with the official doctrine of Ukraine's foreign policy. Our country has defined its relations with Israel as one of the first- priority concerns in its international activity. More than that—Ukraine's efficient and humanistic policy with respect to the Jewish community in Ukraine, which is one of the largest in the world, has also played its positive role. This is why Israel, besides its economic and political interests concerning Ukraine, has a certain 'sentimental' attitude towards our country. During these two years, we signed 10 inter-governmental agreements covering various areas of cooperation.

INTELNEWS: You mentioned censorship and the domination of secret service in Israeli society. These things, fortunately, are not an integral part of Ukrainian society. Recently, when the Ukrainian parliament was debating privatization, it proposed not to discard the path Israel followed, in which over 70 percent of property was state-owned property. What are your views on this proposal?

Shcherbak: Israeli society is split into two parts due to the struggle between two economic models: Zionistic socialism and an American-oriented liberal society. Only six of 216 state owned companies are profit making. That is why Israel has begun privatization. For example, a big state monopoly such as the EL-AL air company is now changing its form of ownership, or, as another example, competitors to the state communication company Basic have emerged. The Israeli way is one which should be thoroughly examined. By the way, for an immigrant from the CIS to Israel, it is not so easy to occupy a niche in commerce. INTELNEWS: Let us talk about Ukrainian immigrants. Do they promote a positive image of Ukraine among Israelis?

Shcherbak: There are people in Israel who do not treat them properly. You know there is the perception that the so-called "Russian aliens" are a group of drunkards, philanders, and lazy workers. Of course, repatriates bring with them some traces of the Soviet system, but figures indicate many experienced people have come to Israel: 10,000 scientists and hundreds of doctors. I can say that even eight persons from the Kiev Epidemic and Microbiology Scientific and Research Institute, where I used to work, have gone to Israel. For those over 50 years old, it is very difficult to start a new life: there is the problem with language, absolutely different climate, and the difficulty in adapting to Israeli rules. Youth integrates much easier and faster. I met engineers who worked as unskilled laborers, but I also know two scientists who, failing to find work corresponding to their education, opened a bakery and now produce very good bread. To burn one's bridges behind you is always a hard

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and dramatic task. The majority of Ukrainian repatriates, with whom I have spoken, recall Ukraine with affection. Perhaps, there is are certain unbreakable ties with the land where we were born.

INTELNEWS: One of the "myths" that you have brought up is the allegation that anti-Ukrainian tendencies are widespread among Jews. The Ivan Demianiuk case can serve as an example. You were the first to present the official Ukrainian attitude towards this multi-year process. The Demianiuk case is not going to continue, is it?

Shcherbak: I was guided by pure juridical facts: the court did not recognize that Ivan Demianiuk was Ivan the Terrible from the Treblinka concentration camp in Poland. A significant role in the process was played by the Jewish lawyer Ioram Scheftel. I was to make the official statement to the Israeli Foreign Ministry that Ukraine was worried about the falsification and spreading of anti- Ukrainian tendencies by the Israeli mass media. The campaign ceased then. I am sure that the Ukrainian diplomatic engagement in the matter did avoid a further continuation of the case.

INTELNEWS: You are, first of all, a creative person. Do you have time to write?

Shcherbak: I am now preparing to publish a book about modern Ukraine for Western readers. I plan to publish it in the United States before this year is out. I am now collecting materials for prose about Israel. There are many people in the world who are not ready to perceive the truth about Ukraine. I want to help them in it.

INTELNEWS: What feeling do you have as you prepare to leave for the United States?

Shcherbak: I am going to the United States full of optimism. I hope the efforts of Ukrainian diplomats will help to make a step forward in the relations between our two countries.

Osyka, Petersen Sign Cooperation Agreement

LD0911154094 Kiev UNIAR in Ukrainian 1450 GMT 9 Nov 94

[FBIS Translated Text] Kiev, 9 Nov—The governments of Ukraine and the Kingdom of Denmark signed an agreement on the development of economic, industrial, scientific, and technical cooperation. The agreement was signed at the Ministry of Foreign Affairs, concluding the visit to Ukraine by Denmark's Foreign Minister Niels Helveg Petersen. Minister of Foreign Economic Relations Serhiy Osyka signed the document for the Ukrainian side. The ceremony was followed by a news conference with foreign ministers Hennadiy Udovenko and Niels Petersen.

Denmark can play a significant part in representing Ukraine's interests in the West, said Mr. Udovenko. Our countries can cooperate successfully in politics, military affairs, agricultural production, energy-saving technologies, and environmental protection.

Ukraine, having signed a treaty on cooperation with the European Union, is counting on financial assistance from this respectable European organization. Around $100 million is to be given to Ukraine to improve its balance of payments and a further $600 million toward the closure of the Chernobyl AES.

Despite rejection of the package by EC economics and finance ministers at their meeting on 7 November, the Danish Government supports the project, Mr. Petersen said. Furthermore, according to EC Commission Vice President Henning Christophersen, quoted by Mr. Udovenko, a favorable decision can be expected later.

Moroz Concludes Official Visit to Belgium

LD0911201994 Kiev Radio Ukraine World Service in Ukrainian 1700 GMT 9 Nov 94

[FBIS Translated Text] Ukraine's Supreme Council press service has circulated a communique about the visit by a Ukrainian parliamentary delegation to the Kingdom of Belgium on 6-8 November. The communique emphasizes that this was an official visit at the invitation of Chamber of Representatives President Charles-Ferdinand Nothomb and State Bureau President Dr. Frank Swaelen. Ukrainian Supreme Council Chairman Oleksandr Moroz, who led the delegation, had substantial conversations with them. He also met with members of the foreign relations and constitution revision commissions at both chambers of Belgium's parliament; with Herman Van Rompuy, deputy prime minister and budget minister; with the leadership of the mayor's office of Brussels; and with representatives of business circles.

Oleksandr Moroz informed the Belgian side about the political, economic, and social processes under way in Ukraine, the law-making activity of the Supreme Council, the drafting of a new constitution of the Ukrainian state, issues of developing democracy, and forming market relations.

When discussing Ukrainian-Belgian relations, the two sides called for better bilateral cooperation in various spheres. Oleksandr Moroz invited Nothomb and Swaelen, the leaders of Belgium's parliament, to pay on official visit to Ukraine. An agreement was achieved on the appropriateness of submitting the proposals concerning the implementation of intentions, set out in the communique, for the consideration of the relevant commissions of the Supreme Council of Ukraine and the chambers of parliament of the Kingdom of Belgium.

National Affairs

Kuchma Holds News Conference

LD1011002394 Kiev Radio Ukraine World Service in Ukrainian 2000 GMT 9 Nov 94

[Report by correspondent Tamara Kucherenko on a news conference given by Ukrainian President Leonid Kuchma on 9 November in Kiev; passages in quotation marks are recorded]

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[FBIS Translated Text] Ukraine's Supreme Council at present—is it a discussion club or a legislative body? Ukraine's President Leonid Kuchma decided to resolve this dilemma in the very near future and made a statement to this effect at a news conference on 9 November. More details in a report by Tamara Kucherenko.

[Kucherenko, broadcast in progress]...by Leonid Kuchma to Turkmenistan, during which, as Leonid Kuchma pointed out, the most important issues of both political and economic relations between Ukraine and that Central Asian country were resolved. In his opening speech, the president of Ukraine informed journalists in detail about the difficulties in relations between Ukraine and Turkmenistan which, as a matter of fact, had to be sorted out during the visit by Leonid Kuchma and Turkmenistan's President Saparmurad Niyazov. The most principal issues, as you, dear listeners, understand, were the deliveries of Turkmenistan-produced gas to Ukraine. Here is what the president of Ukraine told journalists about this:

[Kuchma] "Unfortunately—and this is both our fault and our bad luck, as they say—our relations were virtually terminated—both gas supply and people-to-people relations—because Ukraine, as a matter of fact, stopped making payments for gas deliveries. As for our debts, the entire world knows about them. For 1993 they amounted to over $671 million and somewhere in the region of $500 million for this year, which Ukraine failed to pay off to Turkmenistan. Therefore, in the light of the program that I put forward at the Supreme Council of Ukraine and the entire course of subsequent events, as they say, the settlement of the issue with Turkmenistan was one of our most important tasks. You know that the delegations of Russia and Turkmenistan were invited, at my request, to Winnipeg where these issues were also considered. So, everybody is well aware of the fact that Ukraine today is unable to pay off its debts.

"Well, today I would like to say honestly that I am grateful to the entire people of Turkmenistan and the president of Turkmenistan for their understanding of this problem, which is too complicated for Ukraine.

Such agreements were signed as an agreement on restructuring the debts for 1993, delaying them for seven years, and beginning to pay them off in two years' time and an agreement on this year's debt, and on gas supplies both this year, and in 1995. So, these agreements were signed. Also, we asked for 28 billion cubic meters of gas for next year and the Turkmen side agreed to this. So, I would again like to emphasize that this is a very important issue for Ukraine, which was resolved positively. And I understand that the G-7 countries, including the USA, which at that time [word indistinct] in Turkmenistan, and representatives of the International Monetary Fund, who also were there during the visit, played a positive role."

[Kucherenko] Replying to journalists' question on how much, after all, Ukraine pays for the Turkmenistan-produced gas, Leonid Kuchma said bitterly that, unfortunately, there exists an agreement, signed by his predecessor, in accordance with which our state pays 60 percent of the world price for the gas transported inside that state to its border. Further transportation of this gas to Ukraine makes it even more expensive than the gas exported, for example, from Russia. Therefore, as Leonid Kuchma pointed out, there is something to work on and these issues will be the subject of discussion during the further negotiations between Ukraine and Turkmenistan.

Representatives of the fourth power [journalists] took the opportunity to ask Leonid Kuchma to assess certain statements made by communists, who seem to be aiming to discredit the president of our state. In particular, a statement by the parliamentary group of communists was published recently in the parliament's newspaper HOLOS UKRAYINY. In this statement, the program announced by the president of Ukraine, which is aimed at reforming our devastated economy, was referred to as antistate and antipopular. Replying to this question, Leonid Kuchma compared the communists' actions with the actions of the people whose thoughts, words, and deeds never meet each other. He substantiated his statement as follows:

[Kuchma] "Well, I think this is the right of every political party to make statements. It is their right to make assessments of what is going on in our state and, among other things, to express their attitude to reforms. However, I am a bit surprised, as they say, at this situation. [indistinct passage]

"As regards the proposals contained in the statement by the Supreme Council group of communists, I am saying that I am ready to sit down at the negotiating table and discuss any issue with them. However, these should be specific proposals, not just slogans, but specific proposals from the viewpoint of common sense in the economy. "I repeat this: If today we restore what we had several years ago here, nothing will come out of it. When they criticize the International Monetary Fund, among others, and their, as they say, requirements...[pauses] I would like to ask these people—they probably know the economy of the former Soviet Union well, Ukraine included—please say, when the budget was being approved, was it a deficit-free budget? Then, why would they approve such a budget? And today they say: Let us print out money. And then tell me, good people, what was the Soviet Union's debt in dollars after the Union had collapsed? It stood at $84 billion. Then why did communists run into such a debt, the more so that it is the people who shouldered its burden. And today they say: No, there is no need to borrow money from the International Monetary Fund and other states because this is...[pauses] What does this is mean? So, if we keep telling people the truth and telling them who is who and what is disguised behind these slogans, people will understand us.

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"I am surprised, and I do not understand such statements made now that we have reached understanding on the majority of issues, as they say, and they understand that there is no other way today in terms of strategy and, as far as tactics is concerned, I have told you that I am ready to sit down at the negotiating table. So, one should not turn the Supreme Council into either a plenum of the Central Committee, or a session of the Rukh [Ukrainian Peoples Movement for Perestroyka] leadership. Because, when we were running in the election we were all promising that we would deal with the economy. But what are we dealing with?"

[Kucherenko] The journalists asked the president of Ukraine to express his opinion in connection with the manifestation of communists and socialists in Khreshchatyk Street on 7 November, who were marking the Petrograd October revolt and declaring their anti- Ukrainian, antistate, and antipresidential views. So, what does the president think of all this?

[Kuchma] "The struggle for power is under way and nothing else. There is nothing else there. Please, say—I would not like to offend anybody—is there anyone of the former top, high-ranking leaders of former Ukraine who lives a poor life today?

"Again, I would like commonsense to triumph among both the left- wingers and right-wingers. This is a ruination when its comes to hand-to-hand fighting in Khreshchatyk, when they send two columns to clash, but who will benefit from this? When I was appealing, as they say, in my speech at the Supreme Council, I was aware of the fact that it was virtually impossible to reconcile the irreconcilable, but I could not but say this. [Word indistinct] these are parties, not the people yet. When someone is speaking on behalf of the people they have no right to do so."

[Kucherenko] On my part, I would like to recall that the president of Ukraine, whom the people vested its rights in, is the only one here who can speak on behalf of the people.

Kuchma Signs Decree on Land Reform

LD0911214494 Moscow INTERFAX in English 1848 GMT 9 Nov 94

[FBIS Transcribed Text] Ukrainian President Leonid Kuchma signed a decree on speeding up land reform in Ukraine Wednesday.

At a news conference in Kiev Wednesday, Kuchma declined to comment on any details of the document. However, he pointed out in an interview with Interfax-Ukraine that it was consistent with the main provisions of his recent parliamentary speech.

Kuchma believes that the land reform "just will not function." In his opinion, "strong forces existed" in the country at the moment. "They will not give the land away," he noted.

Kuchma emphasized that his vision of private ownership of land was not the sale of land to everyone. "I want land to belong to those who work it," he stated.

Kuchma stressed he was not against collective forms of property in agriculture. "But it must not be as serfdom-based as now," he said.

Kuchma Dismisses Deputy Defense Minister

AU1011121694 Kiev URYADOVYY KURYER in Ukrainian 5 Nov 94 p 2

["Ukrainian Presidential Edict on Dismissal of Colonel General I. Oliynyk From Military Service" signed by Ukrainian President L. Kuchma in Kiev on 3 November 94]

[FBIS Translated Text] To dismiss Colonel General Ivan Ivanovych Oliynyk into the reserve and relieve him, in this connection, from the post of Ukraine's deputy minister of defense for issues of armaments and chief for armaments at Ukraine's Armed Forces.

[signed] Ukrainian President L. Kuchma
[dated] Kiev, 3 November 1994

'Ukrainization' of Armed Forces Slows

MK0911120094 Moscow NEZAVISIMAYA GAZETA in Russian 9 Nov 94 p 3

[Unattributed report under the "NEGA Reports" rubric: "Ukraine"]

[FBIS Translated Text] The Ukraine Defense Ministry intends to slow down the "Ukrainization" of the Armed Forces. Ukrainian Defense Ministry spokesmen have advised that the new draft military establishment of Ukraine calls for axing those institutes working on problems of Ukrainizing the armed forces. Dismissed in this connection will be teachers of the Ukrainian language and officers in charge of indoctrination work among conscripts.

Political Scientist on Kuchma Appointments

WS0911135894 Kiev KIYEVSKIYE VEDOMOSTI in Russian 2 Nov 94 p 3

[Commentary by political scientist Artur Belous: "New Appointments: What Is Behind Them?"]

[FBIS Translated Text] What has been quietly speculated about in the lobbies of power in the past months has eventually happened: Yevhen Marchuk and Viktor Pynzenyk were both appointed first deputy prime ministers.

What is behind those old new names in the government? The appointment of Petro Sabluk is, as it was under Prime Minister Kuchma, a demonstration of respect of the like-minded president to the strong agrarian lobby. On the other hand, this is also a sign of upcoming changes in agriculture. For the first time, an agricultural

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scientist was appointed to this position instead of a representative of the collective and state farm elite.

The comeback of Viktor Pynzenyk was widely expected. One should admit that both as prime minister and later in his career, he has always protected the prominent economist against attacks from his opponents. Reinstating a staunch market supporter and advocate of radical reforms in one of the key positions in the government seems to be natural and logical—particularly in light of the president's report at the parliament, which was crafted with Mr. Pynzenyk's active participation. In addition, the president's move will boost his popularity rating among democratic forces. The obvious desire of Viktor Pynzenyk to implement his ideas in practice is also a positive factor. However, the whole situation has its reverse side. Until now, participation of individual reformers in the old government structures could not improve the situation substantially—the reformers were forced to either accept the rules imposed by the system or leave. This was also the case with Lanovyy and Pynzenyk. There are still many people hoping to shift responsibility to new people in the government should any setbacks occur. In this connection, support of the market-oriented factions in the Supreme Council for the reformers will be of particular importance. Recently, such support to the president on the part of his "native" "Reforms" faction seemed uncertain as it comprised other, equally prominent and ambitious, economists, such as Volodymyr Lanovyy. God forbid that their ambitions should assume a destructive form. It was a positive sign that the "Reforms" factions officially supported the appointment of Viktor Pynzenyk at its 1 November meeting.

Finally, the elevation of Yevhen Marchuk from "simply deputy" to "first deputy" also seems to be a logical move, testifying to the president's attention to power structures as a stabilizing factor in these difficult times. One thing is sure: the presence of the prominent economist and the coordinator of all power institutions in the government, as well as their image of professionals and advocates of the strong executive vertical chain of power and reforms provide grounds for hope. Whether this hope is justified will depend on whether the "critical mass" of truly reform-minded people will develop in the government and the parliament. The times of bright loners are passing, giving way to team players.

Deputies Vote in Favor of Price Liberalization

LD0911213994 Moscow INTERFAX in English 1848 GMT 9 Nov 94

[FBIS Transcribed Text] At its evening sitting Wednesday, the Ukrainian parliament took as a basis the government's report on the situation in the country following the price liberalization enforced by a government decision of October 21 1994.

Out of 335, a total of 216 deputies voted for and 78 against the decision.

Among other issues, the session discussed a draft resolution suspending the government decision.

The parliament pointed to the "unacceptability of a non-complex resolution of issues concerning financial stabilization and social policy," and asked the government to "look into the real level of prices and solve the issue of replenishing enterprises' working capitals" within two weeks.

The parliamentary resolution also instructed the government to submit its proposals as to the creation of a mechanism to index people's incomes correspondingly to inflation within the same period.

In his speech before the voting, Parliamentary Speaker Oleksandr Moroz said the parliament could not annul the government decision to deregulate prices as "it would undoubtedly lead to cataclysms."

Commenting on the voting results in an interview with Interfax- Ukraine, Ukrainian Presidential Chief Executive Dmytro Tabachnyk said deputies had taken as a basis a draft resolution which was "constructive enough."

Tabachnyk pointed out that the most populist-like draft resolutions canvassed the lowest amount of votes.

"This is evidence that deputies have common sense," he concluded.

'Stumbling Blocks' Remain in Russian Agreement

WS0911145194 Kiev KHRESHCHATYK in Ukrainian 2 Nov 94 p 3

[Article by Yaroslav Mynko: "Will Yeltsin Come to Kiev?"]

[FBIS Translated Text] The interest in negotiations between Ukrainian and Russian delegations, which are drafting a treaty to be signed between the two states, has recently been either abating or erupting with new strength. This can partially be explained by the fact that political developments have been unfolding with kaleidoscopic speed. Among the events that have taken place over the last few weeks have been talks between Ukraine and international financial organizations on investments and loans to Ukraine for conducting market reforms, and a provocative attempt by communists and socialists to lift the ban on the Communist Party of Ukraine, which contradicts all progressive changes. Ukrainian President Leonid Kuchma has recently delivered his long-awaited policy speech. Debate on the speech has finally led to formal support, but not to approval, which represents an essential difference, in terms of legal interpretation. Moreover, in the opinion of certain authoritative lawyers, the state leader's program does not need to be approved or disapproved by the Supreme Council; it is guidance for the executive branch. Finally, over this short period of time, a meeting of CIS leaders has also

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taken place, at which the International Economic Committee was established—the first CIS supranational body, yet, with very liberal form of participation in its work (a CIS member does not have to fulfill the committee's resolutions, if they contradict its interests).

Meanwhile, the very tense negotiations on the final version of a treaty between Ukraine and Russia, which is supposed to become a milestone in relations between the two countries, have been held in both Moscow and Kiev. They have been held in an atmosphere of strict confidentiality. Mr. Dubinin, head of the Russian delegation, has repeatedly stated that the negotiations have been held in a constructive spirit, saying that although there are certain problems, they are being resolved... Judging by the fact that Yeltsin's official visit to Kiev has been rescheduled twice, however, it is not hard to guess that the problems have not yet been resolved.

Guarantees for inviolability of the Ukrainian territory and the division of the Black Sea Fleet are the main stumbling blocks here. In other words, the point is the fate of Crimea. Certain Russian politicians by no means want to put up with the fact that the peninsula is part of Ukraine, cherishing the hope that it will return to Russia with the help of constitutional measures adopted by the Crimean parliament. This by no means rules out economic or simply forceful pressure on Ukraine.

The division of the Black Sea Fleet is a priority element in the Crimean issue, and the fate of Sevastopol comes in first in the division of the fleet. Since this complex situation came about (during the presidency of Leonid Kravchuk), Ukraine has come forward with at least three ways to resolve it, which have naturally been based on the inviolability of its territory, as well as on a compromise—both fleets' being based in Sevastopol. It is interesting that both Yeltsin and Chernomyrdin have positively responded to proposals presented by the Ukrainian side. However, as soon as the matter would come to Mr. Dubinin and his team, who rely on influential national-chauvinistic circles in the Russian parliament, the confrontation between the two countries would reemerge.

This is perhaps why statements by the Russian president and prime minister concerning the inviolability of Ukraine's territory are therefore received as nothing more than empty words. The Russian parliament's resolution on a "Russian status" of Sevastopol—an integral part of Ukraine—is also worth recalling. It is hard to forget about "undiplomatic" protests by former Defense Ministers Kostyantyn Morozov and Vitaliy Radetskyy, who were simply stunned by the impudence of the Russian delegation's demands. The former once published his personal opinion, and Vitaliy Radetskyy said in a televised interview that the Russian delegation demanded withdrawal of the Ukrainian Fleet from Crimea and the transfer of all naval ports and bases, including the city of Sevastopol itself. Russian Defense Minister Pavel Grachev stated at that time: Why should we divide something that legally belongs to Russia? When the Ukrainian side disagreed with him, he felt so offended that he left for his plane without saying goodbye.

This scandalous story spread around the world. It must be said, however, that there are forces within the Ukrainian leadership which are ready to make any concessions to repay debts for energy sources (meaning to squander their sovereignty), not to mention those who dream of the restoration of an "economic space" and other "integrationist" inventions.

Unfortunately, the inequitable position of the Russian delegation has not changed. Well-informed sources close to high government circles have reported that Russia still demands that only the Russian Black Sea Fleet be based in Sevastopol, and that the onshore infrastructure, including military facilities in Kerch and Feodosiya, be handed over to Russia. The Ukrainian Fleet is encouraged to construct new bases, for example, in Odessa. The Russian delegation also insists on deployment of a Russian shock division in Crimea...

It has also become known from the same government sources that the Ukrainian leadership will not sign the treaty if the Russian leadership insists on having its way.

It has been reported at the last moment that the Russian delegation for the negotiations will apparently not be led by Dubinin, but rather by Russian Deputy Prime Minister Soskovets.

Mukhin Cites NPT Objections as 'Emotional'

LD0911205394 Moscow INTERFAX in English 1935 GMT 9 Nov 94

[FBIS Transcribed Text] Ukraine will join the Nuclear Nonproliferation Treaty but the instruments of ratification will not be exchanged before nuclear powers provide guarantees of its national security.

Volodymyr Mukhin, chairman of the parliamentary Defense and State Security Commission, told Interfax-Ukraine that the parliament will discuss this issue and decide to join the treaty as early as next week. In his view, the document on joining is carefully worded and has to be ratified. Mukhin said that the objections raised by opponents of the treaty are purely emotional because Ukraine is clearly incapable of servicing nuclear weapons.

Shcherbak on Appointment, Kuchma U.S. Visit

WS1011092994 Kiev KIYEVSKIYE VEDOMOSTI in Russian 4 Nov 94 p 3

[Interview with Ukrainian Ambassador to the United States Yuriy Shcherbak by Nataliya Ishchenko; place and date not given: "Economic Issues Will Become the Key Point in Ukrainian-U.S. Relations"—first two paragraphs are KIYEVSKIYE VEDOMOSTI introduction]

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[FBIS Translated Text] At his first news conference in his new capacity—that of Ukraine's ambassador to the United States—Yuriy Shcherbak, who had been ambassador to Israel, briefly presented his vision of the current state of Ukrainian-U.S. relations, and mentioned the priority directions in our state's foreign policy. The ambassador cited the words of a renowned U.S. diplomat, which very precisely reflect the current situation in the world: "Diplomacy today is a curtain for covering economic activities. The trade balance is a measure of a state's national security."

Yuriy Shcherbak also pointed out that in his opinion, "a three- year cycle of building the Ukrainian state has ended" and "a new historic stage of developing independent Ukraine has begun." Leonid Kuchma's reform program and his speech before the legislature have become the crucial point in this process. Yuriy Shcherbak believes that this factor will play the decisive role in his work. He also named his first task—to organize Leonid Kuchma's successful visit to the United States.

[Ishchenko] Certain mass media claim that the new appointment came as a complete surprise....

[Shcherbak] Yes. Although deep inside, I was ready for a change. Recently (and I am 60 years old already), I often thought about my prospects. Of course, I could "use the momentum" and continue to work in Israel, given that the Ukrainian Embassy there is functioning very smoothly. Due to my character, however, I like to resolve complicated tasks and complex problems of a creative nature. Routine work does not interest me. I anticipated that in the situation when "vertical" changes were being made in the ambassadors' corps, I would be offered another post.

I must say that I felt very offended by rumors about a possible appointment of Yukhym Zvyahilskyy to the ambassadorial post in Israel. Not because I was against it. The Israeli press banded up against Zvyahilskyy and did everything to prevent his arrival. Meanwhile, nobody asked "How is Shcherbak? What is he doing these days?" I felt hurt. Perhaps this, too, fueled my thoughts about changing the job.

[Ishchenko] How would you assess Ukrainian-U.S. relations from the perspective of their past, current, and future shape?

[Shcherbak] Relations with a superpower the likes of the United States are one of the priorities in Ukraine's foreign policy. I assess highly the events that have taken place over the last three years. I believe that a lot of obstacles that were in our way have already been removed. At the same time, we probably should seek and find more efficient approaches toward pursuing our state policy. We should rather not orient ourselves toward numerical indicators, where attention is paid to the number of agreements signed, but toward those agreements' successful implementation.

We should proceed from Ukraine's domestic situation. At this point, it is vital to attract investors. The economic aspect is going to be one of the principal directions pursued by our embassy in the United States.

[Ishchenko] Thus, this aspect will play a decisive role in relations between the two states?

[Shcherbak] Undoubtedly, yes.

[Ishchenko] How is the process of preparing Leonid Kuchma's visit to the United States going?

[Shcherbak] We have at least three different draft variants of the schedule of the visit. I would like to emphasize that visits of top officials are very complicated undertakings, which should be worked to perfection. A variety of things have to be taken into account.

I believe that preliminary preparations will be completed within a couple of days, and I will draw up a more detailed plan together with the U.S. President's envoy, with whom we are flying to the United States this Sunday.

Tabachnyk Views Job, Kuchma Administration

WS0911114594 Kiev KIYEVSKIYE NOVOSTI in Russian 28 Oct 94 pp 8, 9

[Interview with Head of the Presidential Administration Dmytro Tabachnyk; by Yuriy Konstantinov and Viktor Nikipelov; place and date not given: "Administration Head Dmytro Tabachnyk"]

[FBIS Translated Text] [KIYEVSKIYE NOVOSTI] Let us start our interview with a somewhat delicate question: You have recently been referred to as the "gray cardinal." Do you agree with this term?

[Tabachnyk] No, I do not agree. For one, I have always been afraid of being "gray," including also being a gray cardinal. Gray is one of my least favorite colors, an epitome of averageness and mediocrity. For another, those who claim that, do not know Leonid Kuchma well enough. The president is very dynamic, independent, and quite tough. He is open to all kinds of suggestions, however he always makes absolutely individual decisions and personally draws conclusions about people, phenomena, or the expedience of measures to be taken.

That is why it is practically impossible to pressure Leonid Kuchma or impose one's own views on him—this is an ungrateful and arduous task, also because Kuchma has experience in being a leader. It would be enough to mention his first steps as launching site technical manager. He represented a huge rocket-building concern and made decisions while negotiating with military consumers. He was responsible for the implementation of those decisions on behalf of the designer office, the office manager, and the chief designer. Under such conditions entirely independent characters are formed. As we know, Kuchma then

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worked in a party committee, an amalgamation, and as prime minister—he played the key roles everywhere.

That is why, it is impossible to be a "gray cardinal" next to him. Besides, he always bases his decisions on collective opinions of the people who surround him. The only question which arises is "Whose opinions does the president primarily take into account?" That is to say that if we put on the scales a number of expert opinions, somebody's advice might be more valuable to the president than any others. Here, an important role belongs to such factors as a close relationship with a person, this person's sincerity or moral-ethical traits.

I believe that there are several such people, and that is why the name "gray cardinal" does not suit me.

[KIYEVSKIYE VEDOMOSTI] Sometimes one has the impression that Kuchma's victory in the elections was not expected even by many people from his retinue. Is this really so or were you sure from the start that victory would be yours?

[Tabachnyk] A presidential campaign and, in general, elections on such a scale are always a very complex, long-term political scheme with a large number of unknown factors. This scheme is subject to all kinds of influences and corrections of both a sociopolitical and international origin. All those issues affect the course of a campaign. That is why not a single sober-minded expert or politician can be absolutely confident that a planned result will be achieved.

However, it would be wrong to say that we did not believe in victory. I, personally, realized in May 1993 that Leonid Kuchma has chances in a competition for the presidential office, after he delivered a speech at a Supreme Council session. Leonid Kravchuk did not allow the legislature to discuss the speech and extend the government's extraordinary powers and subordinate the National Bank and the State Property Fund to the government. Kravchuk suggested that the executive branch be subordinated totally to him. It was then, after the Supreme Council twice refused to authorize Kravchuk's powers and disregarded the prime minister's request to dismiss him and support the president, that a situation of diarchy developed. This state of affairs remained until September—when the prime minister resigned and, again, the legislature approved the resignation after the second or third voting and under Kuchma's strong pressure.

At that point, it became clear that his political prestige and popularity, at least in the deputies' corps, reached a certain level comparable to that of a key figure. Beginning in January 1994, sociological polls repeatedly demonstrated that Kuchma's rating caught up with Kravchuk's and then, started to exceed it. Thus, that provided us with a kind of springboard. I understand that this idea seemed illusory and fantastic at that point, however later it was implemented by Leonid Kuchma and his partners. Beginning with the moment when the former Supreme Council passed a resolution on early presidential elections I, for one, was absolutely sure that Leonid Kuchma would at least be one of the two finalists.

[KIYEVSKIYE VEDOMOSTI] Many politicians, reporters, and experts predict that a conflict between the president and the legislature is inevitable, and so is a conflict between Kuchma and Masol. Do you not think that in this matter a lot will depend on the flexibility of Kuchma and his team? This might become the team's first serious test for the ability to provide stability....

[Tabachnyk] In a way, I agree with you. However I have the impression that those forecasts are of a hypothetical nature and, perhaps, are just wishful thinking. They are not based on a serious analysis of the situation. Of course, the president, who is an advocate of an evolutionary, however reformative way of achieving a free-market economy, cannot have an absolutely identical vision on certain issues to the entire deputies' corps, which comprises very different people, including advocates of a socialist way of development. However, a certain common vector may be found, combining the views of various political factions and individual influential deputies, and a compromise may be achieved with the president's course. Incidentally, the analysis of the by-elections for the Supreme Council shows that the electorate has a stronger inclination toward the deputies representing pragmatic moderate centrist views. Since the March elections, neither the extreme left nor the extreme right have significantly increased the number of their supporters. Also the apparatchiks' quite easy victories show that the electorate has again started looking for experienced people who have control over economic and administrative processes. This means that the centrist camp in the Supreme Council is going to grow.

Besides, a lot of lawmakers realize that a bitter conflict may cause the situation to destabilize. Both the president and the legislative speaker have been saying that. Both the president and the parliament may lose by getting involved in a conflict. That is why I believe that orientation toward a pragmatic resolution of economic problems has started to prevail and will dominate.

Neither do I expect opposition between the president and the prime minister, given that they have a similar past. On the other hand, I think that the ability to reach a compromise is a common trait for all three leaders.

I agree with your opinion that all this will become a serious test for the presidential retinue, which incidentally is often blamed because of the young age of its members. Yet I believe that physical youth is not identical to the ability to make concessions. A majority of people working in the administration or occupying more or less significant posts in the Cabinet of Ministers have good practical experience in both political fighting and administrative work. I think that those people will be able to prevent a collapse, an eruption, and boiling to a critical mark. There are tangible results already.

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[KIYEVSKIYE VEDOMOSTI] Not only are you blamed for your young age.... It is a paradox that the team which has led Leonid Kuchma to victory is often, also by reporters, accused of incompetence, mediocrity, and other sins. Could you name those people whose unquestionable professional experience can be of help to the president?

[Tabachnyk] Of course. First of all, I would name Doctor of Technology Professor Volodymyr Horbulin, who is secretary of the National Security Council. He is the man with a methodical constructive mind, well informed, and brilliant. This experienced former employee of the military industrial sector until recently, was the chief of Ukraine's National Space Agency.

Another vivid figure is, of course, presidential adviser for macroeconomy issues Professor Anatoliy Halchynskyy, who is not only hardworking, but also knows how to effectively combine the efforts of individual people.

Aside from all other structures, a group of part-time presidential advisers has been set up, comprising such outstanding individuals as economists Viktor Pynzenyk, Valeriy Heyets, or Yuriy Pakhomov. As for systematic approaches, the group comprises Academician Volodymyr Mykhalevych, Cybernetics Institute manager, who is a specialist in situational development and analysis closely cooperating with the National Security Council.

We highly appreciate the ability of Deputy Prime Minister Ivan Kuras to conduct political analysis and make balanced decisions. In the former administration, this man remained in the shadows. Meanwhile, during one of the first Crimean crises he led a group of experts-intellectuals and a whole number of his suggestions helped keep the situation under control. The administration will certainly rely on the work of the scientists from the National Institute of Strategic Research and the Institute of National Relations and Political Science.

Thus, having this kind of potential in store we are able to provide full intellectual support for the president's decisions. I must admit, though, that there is a small selection of specialists in many fields of our activities. In intellectual terms, the former USSR's provinces resembled a meticulously vacuum-cleaned room, for all the best and most promising cadre were transferred to the capital, and outstanding people in the provinces were an exception rather than the rule.

[KIYEVSKIYE VEDOMOSTI] Which processes do you find most alarming given the current political fight for power?

[Tabachnyk] A very dangerous trend exists in our state, when any democratic manifestation of will—either the people's or the legislature's—is then thwarted by the minority's absolute disagreement to subordinate to the will of the victorious majority. This paradoxical process is perhaps, planted in our post-Soviet mentality. I have always—even when being a reporter—opposed early parliamentary elections and the dissolution of local councils. The point is that if society does not get accustomed to the legitimate nature of democratically elected administrative bodies or highest officials, a law-governed state will never be established. Every early dissolution causes absolutely irreparable damage to the civilized perception of law, that is to say, it ruins what we call the "democratic process." We seldom realize how momentous those phenomena are.

The fact that both the parliament and the president of Ukraine have been replaced in Ukraine before the end of their terms, sends a very negative message, even though it was caused by socioeconomic factors.

[KIYEVSKIYE VEDOMOSTI] Why?

[Tabachnyk] Because society starts to believe that a small group can win a fight against a huge mass of people, the electorate which honestly and openly expressed its will. I think that this is directly connected with the attitude of officials and political functionaries toward their activities. If we fail to develop a civilized approach toward these matters, the results may be very negative, including embezzlement, a reign of corruption which, in the opinion of many people, has encompassed all echelons of power. In human terms, from the moral-ethical perspective, I will never be able to put up with the philosophy of corrupt individuals, who use their official positions to make personal profits. Moreover, they do not simply earn money providing consultations; they ruin their economic rivals and create conditions for monopolistic activities of the economic structures that are under their control. While condemning this phenomenon, we can still understand its causes. Imagine a minister who is 57 or 58 years old. The future does not have anything good in store for him; he receives a state salary, which is enough to guarantee him a life of a beggar living on bread and milk. Of course, he tries to make some use of his temporary status. There are many examples of this kind.

[KIYEVSKIYE VEDOMOSTI] This problem seems to have another serious aspect. Suppose a talented organizer, manager of a large enterprise is proposed for the post of minister or deputy minister. After he has worked for some time there, the government is replaced (the current government is the fourth in independent Ukraine), and this man finds himself in dire straits....

[Tabachnyk] Yes, this unfortunately has happened to many decent people, whose entire guilt was that they were members of a certain cabinet. No matter what, even if a man occupied the highest post before dismissal, nobody will take care of him and his future, find him a job, and so on. He is lucky if he manages to work until retirement age by hook or by crook. And if not? What can he do? This often leads people to despair and pushes them toward taking care of their own welfare. Meanwhile, this function should belong to the state.

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[KIYEVSKIYE VEDOMOSTI] Investigation of several highly visible cases is currently under way—the Bortnyk case, the "Blasko" case, and others. Those cases are treated as certain negative symbols, although there is no legal proof of the guilt of the accused. The latter were labeled even before law-enforcement agencies drew their conclusions. Will those cases be clarified? As you know, the companies involved are very powerful and their condition is relevant to the situation in Ukraine. Besides, many people believe that "there is no smoke without fire...."

[Tabachnyk] ....So to speak: "Either he has robbed someone or he has been robbed, but he is surely involved."

[KIYEVSKIYE VEDOMOSTI] Yes, and people demand "more blood" and mention the presidential edict [on stepping up the fight against crime].

[Tabachnyk] Investigation of a number of notorious cases is still continuing, and I think that the final conclusions should be drawn after a detailed analysis, inspection by experts and, first of all, law-enforcement agencies and, if necessary, the court. Without clear evidence of guilt no one is allowed to accuse anyone of being a criminal or having bad intentions. The economic damage, for instance, has not yet been determined. Besides, often times we, nonspecialists, are unable to distinguish between a criminal deed and an economic mistake. Suppose, a plant manager carries out a disadvantageous operation. Yes, he has made a mistake and in the West his company would be bankrupt and he, the owner or the executive would be held responsible.

However, whether his deeds have signs of personal interest, and thus, a criminal motive, can only be determined by economic expertise. Without this, nobody is allowed to draw any conclusions, for these would be superficial and immoral. I would like to mention the presidential edict in this respect. It contained one basic difference from a similar Russian edict—it clearly defined the procedure of detention, emphasizing that a warrant can only be issued by the prosecutor's office.

[KIYEVSKIYE VEDOMOSTI] Could you comment on the administration's and, if possible, the president's personal stance regarding the status of the Ukrainian and Russian languages and all the surrounding circumstances?

[Tabachnyk] A whole number of sociological researches, including the ones conducted in the summer 1994 by the Democratic Initiative Center headed by Les Tanyuk, who can hardly be considered an advocate of Russification, demonstrate that more than one-half of Ukrainian citizens consider Russian their native language, used in families and everyday situations.

This is one of those problems which cannot be resolved by one onslaught. When the president expressed his intention to discuss the issue of granting official status to the Russian language, this evoked a storm of emotions, not always justified and grounded. The president was then blamed not only for the things he said but also for those he never meant.

Meanwhile, many people forget that former President Leonid Kravchuk, when holding his election campaign, emphasized in Kharkov, Odessa, and Mariupol that if he were to be reelected he would do everything to grant official status to the Russian language.

No one is going to resolve this problem by means of a one-time enactment without a detailed analysis. I would like to comment on this in more detail. For one thing, the notions "official language" and "state language" are not identical. At this point, we do not have fundamental scientific research on the issue of "official language." I believe that linguists should express their opinions first.

Or take another aspect of the same program. Ukraine currently has many outstanding scientific schools and universities, whose research in natural and technological science is something we can be proud of. Look what happened this summer. In Crimea, there were 30 to 40 people competing for every place at Simferopol University. Meanwhile, at the wonderful universities of Donetsk, Dnipropetrovsk, or Kiev competition was much lower at similar faculties, or there was no competition at all. What does this mean? This means that a lot of our talented young people preferred to study in Russia's border oblasts than at Ukrainian universities. We are losing our gold reserve—the young people—only because in eastern and southern oblasts high school graduates are unable to pass tests in Ukrainian. Would it not be more democratic and just, and also expedient from the state's perspective, if people were allowed to pass tests in the language they know best? We would then teach people instead of scaring them off.

I think that the state language should undoubtedly retain its dominating position in the administration, foreign relations, and defense. Those are the exclusive spheres for the functioning of the state language and there is no other option. Meanwhile the official language enables a person to obtain an education, including a higher education. Specific ways of implementing the Law on Languages should be drafted by specialists, without haste and far from the atmosphere of street rallies. I have already mentioned Kravchuk's promises. I could also refer to the experience of a number of civilized states. In Switzerland, for instance, four official languages function. In Canada, Belgium, or Holland the language issue did not cause the states to disintegrate; quite the contrary, it consolidated them, because groups of citizens no longer felt as outsiders and received the opportunity to become full-fledged members of civic society. I am fully convinced that civic accord, peace in society, and tolerance with regard to religious or language minorities are much more important than any hasty resolutions of the most urgent issues.

I would like to point out that in our recent history language problems caused serious political problems and

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gave rise to serious political opposition. The Ukrainian Civic Congress in the east and in Donbass was established in response to hasty Ukrainianization. The most ardent backers of the latter trend should look at Moldova's example, where the inconsiderate resolution of the language issue caused a colossal political problem, which later produced a split in the state.

That is why I think that the standpoints of both the administration and the president are unambiguous—we should discuss this problem with specialists peacefully and in a tolerant manner. This fully coincides with another strategic task posed by the president—that of granting vaster powers to regions in the fields of economy and culture. This does not amount to inventing a bicycle. We are striving to be admitted to the common European house, which costs us a lot of diplomatic and political efforts. It is no secret that lands in Germany, provinces in Spain, or prefectures in France have extensive rights, both with regard to budget and culture. For instance, Germany does not have a common program for schools or uniform textbooks. Each land has its own history books, different with regard to the volume of material and to the interpretation of events. Has this brought Germany closer to disintegration?

[KIYEVSKIYE VEDOMOSTI] Now, a somewhat unpleasant question. The press often accuses you of a lack of experience. Are you not afraid that at some point you may transgress some line, after which your lack of experience will show? Are you confident in your strength and knowledge; what is your reserve of readiness for this important office?

[Tabachnyk] I would like to separate two notions first—confidence and arrogance. Confidence, in my opinion, is a desire to work and come to understand certain issues better, while arrogance is a desire to make decisions without consultations or analysis. I have always been proud of one of my traits—I always collect a maximum of information before making any administrative decision.

As for accusations about my insufficient experience, I cannot agree with them. In the last five years, I have become a professional bureaucrat. After five years of working as scientific assistant at the Academy of Sciences, I was elected a Kiev City Council deputy, where I chaired the commission for social security, human rights, and the issues of people persecuted by the regime. It was then that I got accustomed to administrative work. At that time, offices of presidential envoys did not exist, and I had to resolve many issues independently.

I came to understand the problems of a large city—how its budget is formed, how it is supplied with products, or how its services interact. Then I came to work in the Supreme Council where for two years I was senior and then chief consultant in one of the commissions. The spectrum of issues I dealt with was very broad, but the principal thing which I realized was that bureaucracy has its common laws. I saw how documents were drafted, coordinated, approved by ministries and departments involved, then compared to the current legislation and only then became state-level documents.

I then worked as chief of a department at the Cabinet of Ministers, then—as chief of the Cabinet Main Directorate for Information and Press, and later, as first deputy chairman of the State Committee for the Issues of Press, Publishing, and Distribution of Books. This is a department with the status of a ministry, and whenever the chairman was sick or on vacation, I had to take part in cabinet sessions. All this was a good school of administration.

[KIYEVSKIYE VEDOMOSTI] What issues are in your competence now?

[Tabachnyk] The list is quite long. Mostly, it is the direct management of the Presidential Administration, which is the president's working body. We provide for the president's normal activities: We, together with ministries and departments, draft edicts and resolutions, provide information necessary for making both domestic and foreign policy decisions. We also draft all kinds of analytical and reference materials, which are then reviewed by the president and may be used as a basis for his decisions.

[KIYEVSKIYE VEDOMOSTI] What do you expect from life?

[Tabachnyk] I would like—although this sounds somewhat pathetic—to see some positive changes. I cannot find a common language with those people who would like the nation to build socialism, while they live in capitalism. Once it is clear that a free-market economy is the most efficient way to realize people's talents, potential, and diligence it would be more fair to suggest that the entire society takes advantage of this kind of economy. That is to say so far, at the initial stage, I would like to live long enough to see tangible material changes in our lives, our everyday existence.

This is a strategic goal. As for personal plans.... I would like sooner or later to return to scientific, creative work and write a dissertation. I recollect with nostalgia those days when I could afford to spend my entire vacation in an archive, collecting material for my book.

For this, though, we have to build a rich and prosperous state.

Pynzenyk on Appointment, Economic Reform, Kuchma

WS0911123894 Lvov VYSOKYY ZAMOK in Ukrainian 1 Nov 94 p 1

[Interview with Viktor Pynzenyk, first deputy prime minister for issues of economic reform, by Nataliya Balyuk; place and date not given: "Now That Is a Reformer's Act, Leonid Danilovych!"]

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[FBIS Translated Text] Last Saturday, we learned from unofficial sources that Viktor Pynzenyk, head of the Reforms faction at Ukraine's Supreme Council, was appointed first deputy prime minister for issues of economic reform. Viktor Pynzenyk appeared live on the Lvov Television on Sunday, following which he gave an exclusive interview to VYSOKYY ZAMOK.

[Balyuk] This appointment has undoubtedly revealed and demonstrated a genuine political will of the president. Your assessment of this presidential step is interesting? Does L. Kuchma not want to kill two birds with one stone in this way: On the one hand, by appointing a pro-market reformer to this post, he intends to affirm his course toward reforms, but on the other—by appointing a man from Western Ukraine, who failed to support him during the presidential elections, he hopes to gain the sympathy of the Halychyna region?

[Pynzenyk] I will begin by stating that now the situation is slightly different. I am sure that today Leonid Kuchma would have garnered many more votes in Western Ukraine than those three percent.

Regarding the appointment, discussion over it has lasted for three month. Last Friday, I had a conversation with the president and consented to work in the government at the first deputy prime minister post. We have discussed a number of questions which need an immediate resolution, and have found a common point of view. There are new possibilities today to do what could not be done earlier. I think that I have no right to stand outside of the processes currently under way in our state. The president is also supportive of economic reforms. These days, some of his ideological guidelines, presented in his report to the parliament, have already been transformed into specific resolutions. One is happy to see that Western countries have also understood the situation of our state, and that Ukraine managed for the fist time to receive an IMF loan. Therefore, I think that today is the time to roll up one's sleeves and get down to work.

[Balyuk] You have already had experience as a deputy prime minister. What, in your opinion, can be done today, as compared to 1992?

[Pynzenyk] When my participation on the president's team was discussed in September, I put forward a number of issues which, in my opinion, should be resolved in the first place. They included the currency exchange rate issue. As of today, the currency exchange rate has been unified. The second important resolution adopted by the president is on the cancellation of license quotas, and the third one with which the president can be credited is on the decrease in subsidies and budget charges as well as the granting of subsidies for poorly provided citizens. In addition, I have prepared a package of priority resolutions which should be adopted in the immediate future. I hope that L. Kuchma will soon issue an edict on the emission of privatization vouchers.

[Balyuk] What, in your opinion, will be the Supreme Council's reaction to your appointment?

[Pynzenyk] There are deputies who will never react positively to me. Therefore, I do not count on those people. It is probable that certain factions may adopt statements with regard to my appointment.

[Balyuk] You will have to actively cooperate with Vitaliy Masol now. Everybody knows that your relations with Masol are far from friendly. How do you intend to seek ways for cooperation?

[Pynzenyk] I understand that my situation will be difficult. However, I have never struggled against people; I recognize only a struggle of opinions. Last Thursday, I met with the prime minister because of my appointment, and we have came to an agreement about constructive cooperation. I believe that our mutual relations will be normal, businesslike. I want resolutions adopted by him to be based on calculation and logic.

[Balyuk] Certain politicians have recently voiced opinions that Masol's political career is coming to an end. Do you not anticipate a scenario in which the president, having appointed you deputy prime minister, would like to see you as head of the government?

[Pynzenyk] This is for the president to decide. As for me, I do not rule out a scenario where the president himself heads the government. Possibly, this outcome would not be bad.

[Balyuk] At the beginning of our interview, you assessed positively the granting to Ukraine a $371 million loan by the IMF. However, certain politicians, in particular from Lvov, claim that this money will draw Ukraine into bondage with the West.

[Pynzenyk] In addition to the IMF loan, the World Bank promises to allot $400 million to Ukraine. Ukraine cannot survive today without secure credits. I would like to ask those politicians which of the two is better—bondage to Europe or to Russia dictating perpetually its political terms to us?

[Balyuk] You will probably need a team to implement your ideas?

[Pynzenyk] It would be quite good if I could have a team of people holding the same views. Unfortunately, this is unrealistic today. Possibly, this is a question of the future, when political parties begin to win elections. As for today, one should seek to create a hard nucleus, in which people could understand and support each other. However, certain changes have taken place in the government, and now there are people you can lean on.

[Balyuk] Thank you for the interview.

Crimean Prime Minister on Economic 'Crisis'

LD1011100494 Kiev UNIAR in Ukrainian 2230 GMT 9 Nov 94

[FBIS Summary] Simferopol, 9 Nov—Crimea's economy is in deep crisis, said republican Prime Minister Anatoliy Franchuk at a meeting of government

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ministers, parliamentary deputies, local council heads, and industrial executives. Industrial output declined by 30 percent, while the gross yield of grain is down by one-half. In the nine months of this year livestock has fallen by 17 percent, milk and meat output down by one-third.

Crimea receives 93 percent of its power supply from Ukraine, itself producing only seven percent. Fuel shortages have affected freight shipping which has fallen from 62 metric tons in 1992 to 15 tons this year.

Due to political instability, only 2.6 million tourists visited Crimea this year, instead of the normal annual average of 7-12 million. Prices have risen two-fold this year, with a 40 percent increase in incomes. Meanwhile, Crimea's unemployed are likely to total 30,000 by year's end.

Coalmine Strikes Continue, Expand in Kryvyy Rih

WS0911142894 Kiev KIYEVSKIYE VEDOMOSTI in Russian 1 Nov 94 p 2

[Report by Nikolay Patsera: "The Strike Threatens To Stir Social Upheaval"]

[FBIS Translated Text] The number of miners joining the strike in Kryvyy Rih is growing every day. The protest is gathering speed and can lead to a social explosion. This was what Sergey Kiselev, assistant to the chairman of the Independent Trade Union of Ukrainian Coal Miners [NPHU], who returned from that region on 31 October, told our correspondent.

Last Thursday, Mr. Kiselev said, a meeting of 4,000 striking workers took place near the Frunze House of Culture in Kryvyy Rih. At the meeting, issues concerning the industry's getting out of the crisis and the social protection of miners were discussed. While the government is trumpeting about wages paid in advance, the miners have not been paid for two months now. Meanwhile, prices have grown: a bucket of potatoes costs up to 200,000 karbovantsi [K], a kilogram of suet K120,000, and ten eggs K65,000. This is at the marketplaces, where the miners are forced to shop—there is practically nothing in the stores.

The protesters elected their representatives, who will meet with Minister of Industry Holubchenko, and decided to help their colleagues on strike at the "Gvardeyskaya" mine, whose management engaged OMON riot police units and the administration to keep them out of the mine site. Almost 4,000 miners walked about 20 kilometers to the mine and then were halted by the militia. Even Oleksandr Mril, chairman of the NPHU, was denied access. A spontaneous rally that had lasted for more than an hour, but had brought no results, broke up near the mine.

Also negotiations held by miners with the minister of industry were unsuccessful. Mr. Holubchenko stated that he could not resolve the workers' problems on his own. This lies within the competence of the Cabinet of Ministers. However, there has been no reaction on the part of the government so far. The disgruntled miners intend to continue their strike. Other trade unions, too, voiced their support for them.

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Belarus

Lukashenka Concerns Cause Return to Minsk

LD0911215094 Minsk Radio Minsk Network in Belarusian 1700 GMT 9 Nov 94

[FBIS Translated Text] The administration of the president of Belarus has not confirmed the RID [expansion unknown] information that Alyaksandr Lukashenka was allegedly going to return to Minsk on 9 November. According to a presidential administration employee, the president's return is scheduled for Friday, 11 November. The president is currently in Sochi where he is undergoing treatment for radiculitis.

As Alyaksandr Sinitsyn, head of the presidential administration, told a BELINFORM correspondent, Alyaksandr Lukashenka, the president of the Republic of Belarus, intends to cut short his treatment in order to return to Minsk. According to the head of the administration, the president plans to hold a meeting with the leadership of the Russian Federation on the issues outlined at the summit of the CIS heads in Moscow.

One of the reasons for the early return of the president is his concern over the inactivity of the local administration bodies regarding implementation of the decisions that have already been adopted.

Chyhir, Petersen Reach Agreement on Investments

LD0911124994 Minsk Radio Minsk Network in Belarusian 0500 GMT 9 Nov 94

[FBIS Translated Text] Syargey Dubovich, press secrtary of the Cabinet of Ministers of the republic announced that on 8 November negotiations took place between a government delegation of the Kingdom of Denmark, headed by Minister of Foreign Affairs Niels Helveg Petersen and Prime Minister Mikhail Chyhir. They discussed questions of bilateral economic cooperation and outlined ways of invigorating it. On the Belarus side, Foreign Minister Uladzimir Syanko and Foreign Economic Relations Minister Mikhail Marynich were present at the negotiations.

An agreement was signed between Belarus and Denmark on developing economic, industrial, and technical cooperation. The Danish foreign minister and the Belarusian prime minister also reached agreement on the signing of an agreement between the two states on promotion and mutual protection of investments.

Incidentally, the Danish Foreign Minister Niels Helveg Petersen arrives in Kiev today on an official visit.

Minsk Looks Toward Receipt of IMF Credits

LD0911191894 Moscow INTERFAX in English 1636 GMT 9 Nov 94

[FBIS Transcribed Text] The Belarusian Government has given the IMF a memorandum on its economic policy for 1995, a well- informed source in the Belarusian Government told the Financial Information Agency today.

The IMF is expected to discuss the memorandum within the next few days after which the IMF board of directors will decide on granting Belarus the first part of the Stand-By reserve credit of $160 million.

The same source said that in accordance with the memorandum the maximum deficit of the Belarusian state budget in 1995 would be 2.61 trillion Belarusian rubles or 4 percent of the GDP. (In 1994 the budget deficit was planned to be 6 percent of the GDP).

In accordance with the memorandum the budget deficit in Belarus in 1995 will be partially covered by issuing government bonds.

Furthermore, Belarus intends to reduce the number of exported goods on which excises are imposed and cancel several taxes. However, the tax on the utilization of natural resources and the tax on land will be increased. Benefits regarding profit tax, value added tax and income tax will be reduced.

Energy Minister Considers Nuclear Power Question

WS1011093494 Minsk BELAPAN in English 1200 GMT 9 Nov 94

[FBIS Transcribed Text] "For the present there is no alternative to nuclear power engineering in Belarus", Valyantsin Herasimaw, Belarus' Minister of Energy, declared in an interview to a BELAPAN correspondent. "Nevertheless, this does not mean that such an alternative cannot appear in the future. Everything depends upon the question how successfully the Republic will manage to use its potential in energy saving."

Hryb Begins U.S. Visit 13 Nov

WS1011093794 Minsk Radio Minsk Network in Belarusian 0400 GMT 10 Nov 94

[FBIS Translated Text] On Sunday 13 November, Belarusian Supreme Soviet Chairman Myacheslaw Hryb will leave for the United States. Ivan Tsyareshka, chairman of the Commission for International Affairs and Foreign Economic Ties, and Uladzimir Lewchyk, chairman of the Commission for State Building, will accompany the Supreme Soviet chairman on his visit to America.

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Tajikistan

Rakhmonov, Officials Discuss Socioeconomic Situation

LD1011110294 Dushanbe Radio Tajikistan Network in Tajik 0800 GMT 10 Nov 94

[FBIS Translated Text] The head of state, president-elect Emomali Rakhmonov today held talks with representatives and heads of the republic's regions and districts, the heads of ministries, committees, associations, industrial enterprises and factories in the capital, as well as scientific organizations jon the socioeconomic situation in the country.

Emomali Sharipovich decisively demanded that the people who are responsible for the difficult situation as regards bread and grain correct the situation in the shortest possible time. He also expressed his dissatisfaction with the Ministry of Agriculture and a number of related ministries, as well as the heads of regions, districts and farms for dragging out the cotton harvest. One must not forget that cotton is the main resource for providing people with bread and fuel. The head of state strongly criticized the activities of the communications and culture ministries, as well as the Customs Committee.

Much attention was given to two more issues: Schools, education and training, as well as to strict working discipline in all enterprises.

Supreme Soviet Decree on Education

LD0911122494 Dushanbe Radio Tajikistan Network in Tajik 1100 GMT 9 Nov 94

["Decree of the Tajik Supreme Soviet Presidium on the conclusions of the Supreme Soviet committees on the draft decree of the Supreme Soviet Presidium on introducing addendums to the Supreme Soviet decree of 27 December, 1993 on implementation of the law of the Republic of Tajikistan on education."]

[FBIS Translated Text] Taking into account the conclusions of the committees of the Supreme Soviet of the Republic of Tajikistan on education and youth policy, economy and budget, legislation, law and order, and human rights regarding the draft decree of the Republic of Tajikistan Supreme Soviet Presidium on introducing addendums to the Supreme Soviet decree of 27 December, 1993 on implementation of the law on education, which was submitted by the Council of Ministers, and taking into account Article 90 of the regulations of the Supreme Soviet, the Supreme Soviet Presidium decrees:

1. To reject the draft decree of the Supreme Soviet Presidium on introducing addendums to the Supreme Soviet decree of 27 December, 1993 on implementation of the law on education, which was submitted by the Council of Ministers.

2. The Council of Ministers is to report to the Supreme Soviet Presidium before 1 December, 1994 on measures taken during implementation of the second band of the Supreme Soviet decree on implementation of the law on education.

[signed] Emomali Rakhmonov, chairman of the Supreme Soviet of the Republic of Tajikistan.

Human Rights Watch Refutes Free, Democratic Elections

LD0911124494 Moscow ITAR-TASS in English 1046 GMT 9 Nov 94

[FBIS Transcribed Text] Moscow November 9 ITAR-TASS—Tajikistan's November 6 presidential election may not be recognised free and democratic since it was held in an atmosphere of fear, deception, use of power and psychological pressures, says a statement which international monitors from the human rights watch circulated today.

Preliminary figures from Tajikistan's Central Election Commission indicated that the present Tajik leader, Emomali Rakhmonov, 42, won 60 percent of the vote. According to the commission, Rakhmonov's lone challenger, Abdumalik Abdullojonov, 45, trailed with 35 percent.

Human rights watch quoted confidential sources and Abdullojonov's headquarters as citing evidence of filling ballot-boxes with false ballot papers, polling of same voters in several electoral districts and of the tally process uncontrolled by election commissions.

Further, human rights watch defines the election campaign as unfair. Although the election law provides for equal access of candidates to mass media, coverage was made adequate for Rakhmanov and scarce for Abdullojonov. Human rights watch concludes from this evidence that Tajikistan's electoral environment did not allow a free and democratic election.

Human rights watch says representatives of Abdullojonov will give an overview of the Tajik presidential election to a news conference they are to hold in Moscow soon.

Turkmenistan

President Niyazov Issues Edict To Improve Grain Supply

LD0911174694 Ashgabat TURKMENISTAN in Turkmen 2 Nov 94 p 1

[Edict issued by Turkmen President Sapuramad Niyazov; date not given]

[FBIS Translated Text] With the aim of resolving the problem of achieving full self-sufficiency in edible grain in Turkmenistan, I resolve:

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1. Regional administrations and the Ministry of Agriculture and Food are to secure the sowing of wheat over additional areas in the regions to bring the areas sown with wheat to a total of 600,000 hectares, in line with the supplement;

2. The Ministry of Land Improvement and Water Resources is to ensure the irrigation of the lands under the crops;

3. The Ministry of Economy and Finance is to allot 25 million manats to the Ministry of Land Improvement and Water Resources to ensure the water supply for irrigation.

4. The Ministry of Bread Products is to allot 30,000 tonnes of seeds to farms for sowing.

[signed] President of Turkmenistan, Saparmyrat Turkmenbashy.

Supplement to the edict by the president of Turkmenistan: Lands under crops for the 1995 harvest (in 1,000 hectares)

Regions	total	winter crop	spring crop
Akhal	210	205	5
Balkan	50	50	-
Dashkhovuz	80	70	10
Lebap	80	78	2
Mary	180	175	5
All Turkmenistan	600	578	22

Defense Minister Promoted To Army General

LD0911190394 Ashgabat ESGER in Turkmen 3 Nov 94 p 1

[Edict issued by Turkmen President Saparmurad Niyazov; date not given]

[FBIS Translated Text] Under Article 57, Paragraph 9 of the Constitution of Turkmenistan, I decree:

Colonel-General Danatar Abdyyevich Kopekov, Turkmen defense minister, is awarded the military title of army general.

[Signed] President of Turkmenistan, Saparmurad Turkmenbashy.

Uzbekistan

Karimov Departs for Ukraine, Previews Visit

LD1011113894 Tashkent Radio Tashkent Netowrk in Uzbek 0600 GMT 10 Nov 94

[FBIS Translated Excerpt] President Islam Karimov of the Republic of Uzbekistan left for the Republic of Ukraine today on an official working visit. [passage omitted]

President Islam Karimov answered questions from our correspondent:

[Begin recording] [Unidentified correspondent] What is the aim of the visit by our state president to Ukraine. What are the stable areas of Uzbek-Ukrainian economic relations?

[Karimov] I must say that—if we want to cement our independence, if we are to avoid danger in the future we are now constructing while believing in what we are doing, if we want to thoroughly cement our present work—these problems, of course, depend on us.

First, we should conduct our work leaning on the potential, capacity, will, and power of our nation for support. I would like to say one thing: As it is, the independence of Ukraine equals strengthening the independence of Uzbekistan. This does not require elaboration. Anyone who wants to understand it will understand it. Anyone who does not want to will not understand it.

I will say it once again: Advancing stable independence, of course, should first tied to a large state, a state with major opportunities like Ukraine. If Uzbekistan is close to Ukraine—from the economic point of view, above all, and from the political and spiritual points of view—our work and aims that bind us to each other and that we lean on for support are very big. Ukraine can give us metal; we can give them cotton. If we consider the question of the present progress of Ukraine, if we look from the point of view of science and knowledge, Ukraine is a huge and powerful state. If we compare their possibilities with Uzbekistan's possibilities and put them side by side, if we cooperate and support each other and are united in the spheres of trade, economic relations, and other fields—above all, on political and diplomatic issues—and cooperate in giving each other power and energy, our energy and power will increase considerably. This will not be an exaggeration.

[Correspondent] What kind of documents are to be signed during the visit?

[Karimov] We intend to approve and to sign three major documents. This is the first task: deepening and strengthening economic relations. The second question concerns cultural questions, spiritual relations. The third question is bringing our foreign policies and the work of the Ministries of Foreign Affairs closer together. [end recording]

Erkin Khalilov, acting chairman of the Supreme Council of the Republic of Uzbekistan, Prime Minister Abdulkhasim Mutalov, First Deputy Prime Minister Ismail Djurabekov, presidential state advisers Temir Alimov and Bakhtiar Gulomov, Kazim Tulyaganov, head of the Tashkent administration, and other officials saw the president off at the airport.

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Armenia

Foreign Minister Receives UK Foreign Office Officials

NC0911210894 Yerevan Armenia's Radio First Program Network in Armenian 1900 GMT 9 Nov 94

[FBIS Translated Text] Armenian Foreign Minister Vahan Papazyan today received Britain's Roger (Brown), assistant to the deputy permanent secretary for foreign affairs, and Linda [surname indistinct], the director of the Caucasian and Central Asian Countries Department.

At the guests' request, Papazyan related the results of the visit to Armenia by UN Secretary General Butrus-Ghali and enumerated Armenia's views on (?efforts) to solve the Karabakh problem and on relations with its neighbors, particularly Turkey.

The issue of credits to be opened to Armenia by Great Britain within the context of the consultative meeting of the World Bank to be held in Paris on 22 November and the possibility of opening the British Embassy in Armenia were discussed.

Azerbaijan

President Meets New Iranian Envoy

NC0911193394 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 9 Nov 94

[FBIS Translated Text] Azerbaijani President Geydar Aliyev and Supreme Soviet Chairman Rasul Guliyev received Iran's new charge d'affaires at interim, Mohammad Taheri. Our correspondents report:

[Begin recording] [unidentified correspondent] Mohammad Taheri conveyed greetings from Iranian President Hashemi-Rafsanjani and Foreign Minister Dr. Velayati to President Geydar Aliyev. He stated that Iran and Azerbaijan could be considered fraternal countries and said he will spare no effort to consolidate friendship and develop bilateral cooperation. In noting Aliyev's considerable services toward resolving the conflict between Azerbaijan and Armenia, he stated with conviction that Azerbaijani land will soon be freed from the Armenian occupiers and the refugees will return to their homes.

The Republic's president congratulated Taheri on his appointment and expressed the hope that his activities will further consolidate the good neighborly relations that link Azerbaijan and Iran in numerous fields.

[Aliyev] Genuinely sincere, friendly and fraternal bilateral ties exist. This is only natural. After all, our peoples share deep historic, national, cultural, and spiritual roots; they share common roots. We are neighbors who are closest to each other. Both Iran and Azerbaijan are Muslim countries. We must [words indistinct] of friendship and fraternity. Undoubtedly the Embassy has a big role to play here. I am very sure that the Embassy, the ambassador, and Embassy staff will discharge their duties in a worthy manner. We will create every condition to help you fulfill these duties.

[Unidentified correspondent] State Adviser Vafa Guluzade and other officials attended the meeting. [end recording]

Guliyev Receives New Iranian Ambassador

NC0911150394 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1300 GMT 9 Nov 94

[FBIS Translated Text] Supreme Soviet Chairman Rasul Guliyev today received Iran's new ambassador to Azerbaijan. Our correspondent Karanfil Khalilova reports:

[Begin correspondent Khalilova recording] Mohammad Taheri, who is the charge d'affaires ad interim, will now head the Iranian Embassy in Azerbaijan. The 43-year-old diplomat was born in Iranian Azerbaijan, was educated in the United States, served as consul general in Istanbul and ambassador in New Zealand, headed the Tabriz Department at the Iranian Foreign Ministry in recent years, and knows Azerbaijan well. He spoke on the current stage and future perspectives in Iranian-Azerbaijani relations during his meeting with the chairman of the parliament. The newly appointed ambassador of the neighboring republic said he will spare no effort in developing bilateral cooperation and will approach his new task with great responsibility.

Guliyev wished Taheri success in his new post.

Supreme Soviet departmental heads Namik Akhundov and Akhshin Babayev attended the meeting. [end recording]

Iranian Oil Minister Arrives To Discuss Cooperation

LD1011114694 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 1030 GMT 10 Nov 94

[FBIS Translated Text] Oil Minister Gholam Reza Aqazadeh arrived in Baku this morning to discuss cooperation between the Islamic Republic of Iran and the Republic of Azerbaijan in the field of oil.

According a Central News Unit report from Baku, Mr. Aqazadeh is visiting Azerbaijan at the inivitation of that country's president. Mr. Aqazadeh met Azerbaijani parliament speaker Rasul Guliyev this morning.

Foreign Minister Welcomes Visit by U.S. Official

LD0911162194 Moscow INTERFAX in English 1433 GMT 9 Nov 94

[FBIS Transcribed Text] Azeri Foreign Minister Gasan Gasanov favors the creation of a Armenian-Azeri inspection which would execute control over armaments on the

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territory of Armenia and Azerbaijan, including occupied zones. He made the statement in Baku on Tuesday welcoming the delegation led by Deputy Director of the Agency for Disarmament and Control over Armaments of the U.S. Department of State, Michael Nacht.

According to Gasanov, over the period of his ministership, four- five similar commissions have visited Baku. At the same time only two of them visited Armenia over the period.

Despite our urgent requests, the commissions refused to control the occupied territories of Azerbaijan, said the Minister. "It appears that the world community is first of all concerned by the military potential of the side which sustained losses."

Nevertheless, he said that Azerbaijan is prepared to act in unison with the course pursued by the world community concerning disarmament and control over armaments.

Baku Commandant Repeals Ban on Private TV Station

NC0911181594 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1635 GMT 7 Nov 94

[Statement by the Baku city state of emergency region commandant "canceling Order No. 19 issued by the Baku City state of emergency region commandant on 4 November 1994;" read by Aqsin Zeynalov, "authorized representative of the Baku city military commandant" on 7 November—live]

[FBIS Translated Text] With Order No. 19 issued on 4 November 1994 by the Baku city state of emergency region commandant, the activity of the Azer News Service [preceding three words in English] was temporarily suspended because it used broadcasting time for its own interests, grossly (?violating) the Azerbaijani Law on Mass Media [words indistinct], and failing to comply with the demands of the state of emergency regime.

In this connection, individuals and representatives of society appealed to the commandant, requesting that he (?reconsider) the measure against the Azer News Service Television and Radio Company.

In view of the above, I rule that Order No. 19 issued on 4 November 1994 suspending the activity of the Azer News Service Television and Radio Company be halted and that Seyfullah Mustafayev, the Azer News Service chairman, be informed of this.

[signed] Colonel Muherrem Aliyev, commandant of the Baku city state of emergency region
[date] 7 November

PRC Envoy Briefed on Incident Involving TV Company

NC0911211594 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 9 Nov 94

[FBIS Translated Text] Chinese Ambassador to Azerbaijan Xia Shuyuan today visited the Azerbaijan State Television and Radio Broadcasting Company and met director Babek Huseyinoglu.

In accordance with an agreement and in order to expand bilateral ties and create conditions for our peoples to get to know each other better, the Chinese ambassador donated videocassettes on life in China to the television and radio company.

Briefing the ambassador on the incident at the company a few days ago, Babek Huseyinoglu, the head of the television and radio broadcasting company, said the support given by Azerbaijani Television and Radio to our Republic's state independence and to the policy pursued by its president conflicted with the interest of some forces, which have resorted to every means available [to undermine support], disseminated unfounded rumors, and, by creating an uproar, tried to cover up their bad intentions and unlawful aims. This is why the [word indistinct] television made unlawful demands, disseminated unfounded rumors, and broadcast nonsensical reports.

The ambassador and the company head discussed exchanging television and radio programs.

Georgia

Shevardnadze Defends Actions, Stand

LD0811191994 Tbilisi Radio Tbilisi Network in Georgian 0915 GMT 8 Nov 94

[Speech by Chairman Eduard Shevardnadze to the Parliament in Tbilisi—live]

[FBIS Translated Text] This is neither the first nor the second time that these questions [Chairman of Conservative-Monarchist Party Temur Zhorzholiani has handed questions to Shevardnadze demanding an immediate answer] have been asked. Neither is this the first or the second time that the questions are answered. All that is listed here has been said scores and hundreds of times. I will answer all questions just in order that Mr. Zhorzholiani may have an opportunity to come out and make his speech which he has been preparing all this time. Let him read it and acquaint us with it and if we find there anything acceptable for Georgia, we will accept it.

[Reads out question] You, under your personal responsibility, withdrew Georgian troops from Tskhinvali. Do explain how you understand personal responsibility. When and how will you be answerable to the Georgian people for the loss of Samachablo?.

The first answer. Although you want to present this in this way because of your personal attitude toward me, I do not consider Samachablo lost. Samachablo has not been lost and neither will it be lost. Georgia will return Samachablo and Georgia's territorial integrity will be restored. If I did not have faith in this, I would act otherwise.

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Second, I have already said and I want to confirm once again that it was one of the greatest mistakes in our modern history, to say the least, to start this war. I do not want to elaborate on how it started, under whose command and leadership, whose ideology and persuasion. The point is that the Ossetian-Georgian war was an enormous mistake in Georgia's modern history and maybe in its complete history. I visualized, if I am wrong the people will judge, that we were approaching a conflict between two states because the Ossetians living on the other side [of the Caucasus] are integrated in the other state and, in fact, everything was moving toward a conflict. Therefore, I accepted a proposal given by the Russian president. I met him. The other party of the conflict was also participating in the meeting. We agreed that we had to try to settle the problem peacefully. We also agreed that the Georgian troops would be present within the peacekeeping forces. One such battalion is still there and carries out service there. Bloodshed has stopped, although the overall situation has not improved. The effect is the same, the people are not able to return to their domicile. Neither Georgians nor Ossetians returned. Most of the Ossetians are not able to return. The process has resumed now. The control commission resumed its work. If you are interested in details, Mr. Irakli Menagharishvili, who participated in the talks in Moscow, can make a report to the parliament. I think the conditions are getting ready for the peaceful settlement of the problems in this region.

Now, when am I supposed to be answerable to the Georgian nation for the loss of Samachablo? If the Georgian nation regards Samachablo as lost and I have to be answerable for it, I will answer as soon as the Georgian people decides it.

The second question. This is not a simple question and it is not easy to answer it. By the resolution of the parliament passed on 27 April 1993, Abkhazia was declared a territory occupied by Russia. Do answer whether you recognize the abovementioned resolution or not.

I would like to put it like this. This resolution probably played a certain role. After this we as well as the Russian authorities chose a course to make a drastic change between the two countries. After this a legislative basis was created. After this negotiations were held on the peaceful settlement of the Abkhazian issue. Russia's acquiring a new mission followed this. You know very well [changes thought]... it is good that the UN secretary general arrived here. Some say that Shevardnadze called him. There was my invitation, too, but he toured four countries apart from Georgia and in each country he reiterated what he said in Georgia. He said what the United Nations is able to do and what it is not able to do. I could not see another way. If you can, do prompt me. It will probably be mentioned in your speech and if I am instructed to implement your thoughts and proposals, I will sacrifice my life for that and do it. At the present stage, I cannot see a way to settle the problem and to regain Abkhazia other than with Russia's help. That is why I would like to ask the parliament to view the actual situation existing today between Georgia and Russia in a fresh way as politicians have to do, of course taking into account our deep interests.

[Reads out question] When the fate of Georgia's territorial integrity was at stake, you refused to accept a plan suggested by Grachev, stipulating the maintenance of the existing status quo. However, when your chair was endangered, you surrendered the fate of the the civil war into the hands of Admiral Baltin's marine forces. Do answer whether you consider the chair retained for you by Admiral Baltin more important for Georgia than the lost territories, 300,000 devastated and homeless citizens, numerous invalids and corpses.

Someone in my place would say only one word: No, I do not. But here is my answer. Grachev suggested that two divisions be deployed in Abkhazia. Two young man witnessed this talk. The meeting took place in Adler, at the airport. At that moment, my assessment of the real situation showed that our forces were sufficient to retain Sukhumi. They were quite sufficient as far as their number, tactics, and military equipment were concerned. I told Mr. Grachev that two divisions were not required to localize combat activities, to stop combat activities, and to have the agreements we signed implemented. This will probably be confirmed by Irakli Batiashvili and Gia Karkarashvili.

One simple thing was required. The Gudauta unit, the Russian marine battalion, had to be reinforced and the Sukhumi battalion had to be reinforced. They had to be given the function of stopping combat activities and told not to take sides. He did not agree to this option. The next day it appeared that the deployment of the two divisions was not that easy. Khasbulatov was the chairman of the [Russian] Supreme Soviet then. I phoned him the first thing next morning and told him that the situation was deteriorating because forces other than I had previously thought were involved. I will tell you which forces. These were not only those mercenaries and even some individual servicemen of the Russian armed forces but there was yet another factor. Therefore, I asked him to accept Grachev's proposal and have certain forces, a division or two regiments or whatever, deployed in one of the provinces of Georgia, Abkhazia. Mr. Khasbulatov asked me to allow him some time because he could not answer me immediately. By the end of the day I found out that the Supreme Soviet would not allow Grachev to do this. And Grachev could not deploy troops there without the Supreme Soviet's permission. Incidentally, now, when Russia deployed peacekeeping forces there, the decision was taken by the Federation Assembly. Otherwise, it would not have been possible to carry out this operation.

I know that some people regret that the present Georgian authorities were not overthrown then. I am well informed about the meetings held then and about the plans drawn up then. I knew very well about plans for the

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supporters of the former president to enter Kutaisi, about the time they intended to enter Tbilisi, what forces were mobilized for this. The time will come and I will name the unit on which they relied and in which they had hopes. In this connection we can see that many people were disappointed because all this had failed.

However, all this was preceded by the meeting of four in Moscow. The traffic, including railroads, from Batumi to Tbilisi stopped. Traffic virtually stopped from Poti to Tbilisi. The capital city and the whole of Georgia faced a danger that we would not be able to get a gram of grain. It was then that I asked Yeltsin, Mr. Aliyev, and Mr. Ter-Petrosyan to help us if possible to protect the railroads and highways. We did not ask them to intervene in combat activities. Our only request was to help us protect the routes. There was such a meeting but no additional forces were deployed in Georgia. However, when we found ourselves in a desperate situation and when Poti was completely isolated and not a gram of goods could be carried out of Poti, I personally sent a man to Baltin, of course with the consent of the Russian authorities, and asked him to bring several ships here to restore the traffic from Poti, to make it possible for grain to be shipped to Poti and further transported to Tbilisi. Not a single shot was fired there by the marines deployed under the command of Baltin. The only thing that happened was that I was in Zugdidi at that time and Baltin arrived in Zugdidi to meet me. He was accompanied by two or three tanks, which was natural. This was so far as Baltin's involvement was concerned. I am sure that if you carry out an opinion poll in both east and west Georgia, everyone will say that this was the only right way to act. This really saved the capital city and other areas from famine and other misfortune.

A week later, although I asked him not to leave, Baltin issued an order and left for Sevastopol, the place of his permanent stationing. This was it. As I have told you, they did not take part in combat activities.

Nixon's example is mentioned here as well as the example of Argentina. I do not know what you mean, but Nixon has done a lot of things. If you mean his resignation, there were other circumstances and have nothing in common with us. There are many examples in Argentina, too, and I hope you will tell us what example you mean from Argentina's experience.

Here is another question. How do you, such a shameless and corrupt man—these words are not written here but I gather this is meant—stay in power?

I cannot commit suicide and I will never do this. Neither can I stage a hunger strike. I will never use the forms that are common for you. I have spoken about this once or twice in this parliament but could not succeed. Do you want to thrust this under my nose continuously? Take a decision and all will be over. Or why do not we stop talking about this? You are speaking about this because you enjoy speaking this. It amuses you. This is something that brings you satisfation when you mention Shevardnadze's name however you like, be it the truth or a lie.

[Reads out question] Why did you not organize the evacuation of the civilians from Sukhumi? As commander in chief, why did you not take precautions to organize mass defense of Gulripshi, Ochamchire, and Gali in case Sukhumi fell?

First, I thought about this when we had difficulties in villages adjacent to Sukhumi. But I reiterate that I personally visited each battalion, and we had many battalions in the Sukhumi area, and eye-witnesses are present here who did not simply watch all this from aside and who fought with arms. Everyone knows what forces were there. I was confident that we were able to defend Sukhumi whatever happened. Some 400 to 500 armed men were in Sukhumi itself who could get into the battle any time. We lost Sukhumi because of treachery. We lost Sukhumi because an order was received to remove battalions deployed at Gumista and the battalions were removed. We lost Sukhumi because the battalion protecting the funicular, a strategically important center, received an order to leave. At midnight I still hoped that the battalion would be there and would not give in but at 1600 the battalion fled. Sukhumi fell because of treachery. That is why I was confident that evacuation was not necessary at the moment. We would have done better to have evacuated the civilians considering what we experienced later.

About mass defense of Gulripshi, Gali, and Ochamchire. There were more men in Ochamchire than required for defending two and even three rayons. There were several battalions in Ochamchire. Almost all generals were in Ochamchire, except Jaba Ioseliani, well, he is not a general but he was in Sukhumi with me, and except Gia Karkarashvili. All others were in Ochamchire. Your famous commander, Mr. Kobalia was there, too, with his numerous troops. The loss of Gulripshi and especially Ochamchire was the result of our flight. We fled and left everything behind. Investigation is under way and it will be determined who fled and why. Do you believe that it was impossible to cross the Kodiri river while there were 6 to 7,000 men, 60 to 70 tanks, and numerous armored vehicles and what not? Again there was an order from that place. And you know the place [as heard]. This is the reality. There will be court proceedings and someone will be answerable for their deeds.

[Reads out question] Do you consider yourself guilty for the genocide of the Georgian nation which resulted from your leaving the population in trouble, from premeditated refusal to announce evacuation, from devastating the population of Samegrelo, from provoking the civil war—it happens that I have provoked the civil war, the civil war was provoked by the people who used to visit the former president when they should not have done—from tragedy in Samachablo, from sacrificing 30,000 lives, from leaving 300,000 refugees homeless, from forceful emigration of over 1 million people from

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Georgia, from the daily deaths of scores of people from starvation, and from the material and moral losses Georgia suffers?

A lady said here that everyone will be regarded guilty except Shevardnadze. [passage indistinct]

Yes, there are people in Akhaltsikhe who have negative attitute toward the parliament. You know that the rating of the parliament as well as Shevardnadze and the government is falling. As far as I remember, the rating of the parliament is 0.7. This is my misfortune that the rating of the parliament is so low. But I told the people in Akhaltsikhe that whatever their indignation in relation to individual deputies, we have to take care of the parliament, we have to save the parliament. These are the words I said in Akhaltsikhe. Why are you blaming me for what I could not even utter? How could a sane chairman of the parliament say that the parliament should be dispersed? If it is the case, this should be done in other ways. If it comes to be done, the people will have to do it rather than Shevardnadze. The people can oust not only Shevardbadze but the parliament as well. The people can do that. This needs a referendum and some other things. Shevardnadze's or someone else's speech will not suffice.

[Reads out question] Do you admit that the country's economy is ruined, the people are starving to death, and your three-year course of reforms has failed?

I have said hundreds of times and stopped talking about this a few months ago that we are a half-state. Only after the end of the civil war which many of those sitting here backed in a practical way, who had contacts with the forces with whom contacts should have been banned by order, did the building of the Georgian state start. Only just a few months ago did we start speaking about the reforms and implementing them. Only the election of a parliament is not a reform. What is going on now is the reform.

By the way, all these reforms, regardless of their being good or bad, are to be implemented. This is neither my personal idea nor Patsatsia's or Basilia's. This is the practice of the whole world. And this includes recommendations by the best international experts and advisers. All this started on the basis of my decrees. I do not know whether you read them, but there are about 30 of these decrees which were the basis for the economic reforms. And not only economic reforms. The decrees dealt with many other spheres, too.

You say we have been implementing the reforms for three years. There have not been three years. We were at war three years ago, we were at war two years ago, we were at war a year ago. As soon as we sighed with a bit of relief, we got down to the reforms. These reforms were not taken from nothing. We received recommendations, we experienced difficulties, there were examples of other former Soviet countries who passed this stage and overtook us as well as the examples of Poland, Hungary, and some other countries. We started to move along this way. Is it difficult? It certainly is. Are the people starving? They are. And I care about this not less than anyone else. We act like beggars. We want to beg for what we ourselves can produce. Whatever can be done is being done. This man says that I have an authority in the world. Yes, whatever authority I have I use in order that we do not starve to death, in order that we find a break and implement the reforms which might yield results. What else can I tell you?

[Reads out question] Do you admit acts of violence by the authorities, numerous cases of violating human rights, and the existence of political prisoners in Georgia?

I do not admit. Human rights may be violated even in the country of greatest democracy. Individual cases do not make a trend. The main thing is how the authorities regard this. The authorities regard the protection of human rights as a must in all cases, in relation to any citizen, whoever he is. If you mean several incidents that happened between the police and the rallies, I would like to tell you that the rights of the inhabitants of the city should also be protected. A rally should be held where it is permitted to be held. There is the State Council's edict on this issue. Otherwise, the city authorities will take all measures required.

There is my decree on human rights and I am afraid you have not read it. This is the decree on special commitments in protecting human rights.

As for political prisoners, do you regard the people who are in dock now at the Supreme Court as political prisoners? This court was delayed for over a year. They wanted to kill Jaba Ioseliani and five to six citizens died instead. In your opinion, these are political prisoners. And Loti Kobalia, too. There are no other so-called political prisoners in Georgia. Ten commissions arrived in Georgia from various international organizations, I mean Red Cross or some other crosses. They go to prisons, isolation wards and we tell them that if they find any case they are looking for, we will be responsible for that on behalf of the state.

[Reads out question] You were elected by the people as the chairman of the parliament, and whose interests do you represent as the head of an independent state? What did you do to Abkhazia? You will quit the post when the Russian leadership orders you. Do you consider this statement of yours as an insult to the Georgian people and humiliation of the sovereignty of Georgia?

One of the main arguments of the opposition on why Shevardnadze must quit is that there are forces in Russia who will never forgive his participation in the destruction of the empire and Georgia suffers most because of this. We signed agreements with Russia, we began to trust Russia. This might be considered wrong but I think that was the right act. There are certain forces in Russia but there are others too, including Yeltsin and others.

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Russia's position and in the Abkhazian issue attitude to Georgia is so important that if Yeltsin says that he does not want to have anything to do with Shevardnadze, I will quit, indeed. This is an answer to you. There might be a personal interest in the post but it is lower than Georgia's interests. What is deplorable in this? I never insulted the Georgian people. This is, to my mind, an expression of moral principles. If there is an obstacle, the obstacle must be removed.

[Reads out question] Taking into consideration all these actions and considering all results, we can see a crash in all spheres. I am asking you: Do you have a moral or legal right to remain at your post? As for resignation, it should not be difficult for you because you have already done this once when the Russian democracy was in danger.

I would like to say again that I have done it but the parliament did not consent to it. The people did not consent to it. I will not flee anywhere. I will not flee from the parliament and neither will I flee from the leadership of the authorities. I will work and fight while I am able. I will do this while I live. I will not quit because of Mr. Zorzholiani's and his associates' desire. I will not resign even if you stage a 100-day hunger strike or a 100- year hunger strike. I will fight, fight, and fight until victory.

And the last question: Will I agree to the proposal to set up a competent parliamentary commission which will study the legality and expediency of your activities?

Set it up even today. Set up 10 commissions, if you like. These are my answers. And now I request you to come to the podium and read your speech.

Zhorzholiani Criticizes Shevardnadze in Parliament Debate

NC0811200194 Yerevan SNARK in English 1259 GMT 8 Nov 94

[FBIS Transcribed Text] Tbilisi, November 8 (SNARK)—By the demand of a leader of Conservative-Monarchy party of Georgia Temur Zhorzholiani a regular meeting of the Parliament started with debates. As known, recently Zhorzheliani stopped his 30-days hunger with demand to dismiss the head of the state.

SNARK correspondent in Tbilisi informs that during the parliament session Zhorzholiani blamed Shevardnadze "in loosing Abkhazia, economy collapse and occupation of Georgia by Russia". Head of Georgia declared that if the opposition had no serious bases, the debates will not take place, because he is determined to a serious talk.

The session of the parliament is broadcasted by Georgian Television. Mr. Shevardnadze marked that for the provision of direct broadcast, the energy supply of city hospitals may be cut if needed.

Kitovani Denies Preparing Military Coup

LD0811200794 Tbilisi CONTACT INFORMATION AGENCY in Russian 1332 GMT 8 Nov 94

[FBIS Translated Text] Tbilisi—Member of parliament Tengiz Kitovani has denied rumors alleging that he is preparing a military coup in Georgia. Kitovani said that he is not struggling against the present authorities but that he favors their resignation.

Rumors on Strengthening of Opposition Troops Denied

NC0811200694 Yerevan SNARK in English 1259 GMT 8 Nov 94

[FBIS Transcribed Text] Tbilisi, November 8 (SNARK)—"Official circles of Georgia are not concerned with the creation of army able to function," stated a former Prime Minister of Georgia Tengiz Sigua in the interview with SNARK. The former Premier refuted the exaggerating rumors saying that he together with a former Minister for Defence Tengiz Kitovani is strengthening the armed troops of the opposition in a region of the Tbilisi Sea [as received]. Meanwhile Sigua confirmed that he is not agree with the stance of Shevardnadze on Abkhazia.

A chairman of the Security Service of Georgia Igor Giorgadze told SNARK reporter "there is a danger of provocation, but there is no danger of armed seizure of power in the republic." A head of Security Service stated that his attitude towards any spontaneous activity related to the conflicts settlement on the territory of Georgia is negative. Georgadze also refuted the information on opposition troops strengthening on the Tbilisi Sea.

Georgians Get Electricity Only 8 Hours Per Day

LD0911172394 Moscow ITAR-TASS World Service in Russian 1646 GMT 9 Nov 94

[By ITAR-TASS correspondent Tengiz Pachkoriya]

[FBIS Translated Text] Tbilisi, 9 November—As of today the population of Georgia will receive electricity for only eight hours a day—from 7 to 9 in the morning and from 1800 to 2400. This has been reported by republican radio and television. The reason for this tough electricity schedule is the severe fuel and energy crisis in the republic.

Vital services, such as hospitals, bakeries, and the subway will receive regular and stable electricity supplies. Only accidents or a complete shut-down of electricity throughout Georgia could affect this

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Estonia

Latest Privatization Round Accepts Bidding

WS0911130194 Tallinn BNS in English 1005 GMT 9 Nov 94

[FBIS Transcribed Text] Tallinn, Nov 09, BNS—The Estonian Privatization Agency announced today the eighth international round of privatization. The bidding deadline was set for Dec. 22.

The agency plans to sell into private hands 42 firms: six transportation companies, five food processing enterprises, three building companies, six metal-working firms, four hotels and holiday homes, seven trade enterprises, and eleven companies operating in various other fields.

The biggest firms on the privatization list are RAS Esmeta, which trades in metals and metal products; RAS STET, which builds roads in Siberia; a refrigerator car maintenance and repair company based in the south Estonian town of Valga; trucking company RAS Tartu Autoveod; and meat packing plant Narva Lihatoostus, of whose shares 51, 76, 100, 55, and 76 percent, respectively, are to be sold.

The Tallinn Hotel comes up for sale the second time. The Tallinn City Court voided the first deal in spring.

Peacetime Military Law Passes, May Be Vetoed

WS0911130594 Tallinn BNS in English 1005 GMT 9 Nov 94

[FBIS Transcribed Text] Tallinn, Nov 09, BNS—The Estonian legislature passed on Tuesday unchanged the law on state defense in times of peace, which President Lennart Meri had vetoed twice, most recently mid-October.

Under the constitution, the president now has two options—he can either proclaim the law or refer it to the State Court to have it declared unconstitutional.

The law on house rules of the parliament gives the president seven days to reach a decision. If the State Court should pronounce the law consistent with the constitution, the president will have to announce it.

The president's legal adviser, Vahur Glaase, told BNS Meri will probably send the law to the State Court.

The president's reluctance to accept the law stems from one of its provisions, which gives the government the right to command the defense forces in peacetime. Meri finds that even in peacetime only the president can give orders to defense forces.

The parliamentary defense and law commissions maintain that situations may arise in peacetime when the government should have the right to give orders to defense forces, such as elimination of consequences of catastrophes and natural disasters, ensuring of domestic security, liquidation of armed terrorist groups, or prevention of spread of contagious diseases.

Defense commission member Jaanus Betlem (Pro Patria faction) has said that giving command of defense forces in times of peace to the president would mean a change from a parliamentary republic toward a presidential republic. "This would mean that the defense forces would escape parliamentary control. That was the situation in 1940 and we all know how it ended," Betlem said.

Glaase doesn't agree with Betlem. He told BNS in an earlier interview that the constitution designates the president as the supreme leader of the defense forces.

"There's no way the government can be the supreme leader of the defense forces. The presidential office is of the opinion that the army is a structure which needs, not indeterminate, but personal and concrete command," Glaase noted.

Meri has earlier referred four laws to the State Court—on the national emblem, on taxation, on the president's work, and on orders of merit.

Of the four, the court declared only the law on national emblem unconstitutional, Glaase said.

Latvia

President Ulmanis, Delegation Depart for U.S.

LD1011120894 Riga Radio Riga Network in Latvian 1000 GMT 10 Nov 94

[FBIS Translated Text] State President Guntis Ulmanis and his wife Aina Ulmane, together with a Latvian delegation, left today for the United States on an unofficial visit. Ulmanis will go first to Cleveland, where he will meet with representatives of business circles of the city, and publishers. The president will also visit houses and the church of the Latvian Lutheran congregation, and also representatives of the Latvian community in Cleveland.

On Saturday, the delegation will arrive in Washington, where a festive program of the school of the Latvian community in Washington will be held. On Monday, the delegation will arrive in New York where a ceremony of the presentation of a Latvian gift will take place at the United Nations Organization. On Tuesday, Ulmanis will meet UN Under Secretary General Marrack Goulding, and on Wednesday the Russian ambassador to the United Nations.

The delegation will leave for Riga on 17 November.

Piebalgs Meets With EU Finance Ministers

LD0911215594 Riga Radio Riga Network in Latvian 1800 GMT 9 Nov 94

[FBIS Translated Text] Although Latvia's admission to the European Union is still a matter for the future, it is

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already possible to cooperate with the countries of the European Union and use their assistance in various forms. Therefore there is great political and economic significance in the chance for Latvia's representatives to take part in the conferences of the ministers and international institutions of the member states of the European Union, said Latvian Minister of Finance Andris Piebalgs today on his return from Brussels, where a conference of finance ministers of the European Union took place . He introduced the participants in the meeting to the national indicative program worked out in Latvia, which includes all the foreign technical assistance projects, as well as the state investment program, which in turn is composed of projects financed from the state budget and foreign credits.

Economics Ministry Looks to Improve Industry

LD0911190694 Riga Radio Riga Network in Latvian 1401 GMT 9 Nov 94

[FBIS Translated Text] It is planned that a Department of Industrial Policy will be created at the Ministry of Economics within a month. Its main task will be to promote the creation of conditions necessary for successful development of industrial enterprises, by implementing appropriate investment policy. The department will also be implementing state interests in the rational use of resources and, together with other institutions, will be tackling ecological problems related to industrial production. The working out of proposals for granting of credits guaranteed by the state is planned as one more function of the department. Therefore, issues related to the rational use of labor force in Latvia will have to be tackled.

Lithuania

Speculation About Bridge Incident Culprits Begins

MM0911141594 Moscow KRASNAYA ZVEZDA in Russian 9 Nov 94 p 3

[Report by Valeriy Gromak: "Blowing up... Military Transit?"]

[FBIS Translated Excerpts] Kaliningrad—At 0700 hours on 7 November the bridge across the little Bruzhole river was blown up on the Vilnius-Kaunas branch line 35 km from the Lithuanian capital. The shock wave tore a heavy concrete structure from the bridge and bent the rails. [passage omitted]

The source of one story, close to the investigation group, speaks of the actions of right-wing extremists anxious to disrupt the Lithuanian-Russian consultations on problems of military transit across Lithuania scheduled for this week.

As always the story of the "hand of Moscow" has been started in Lithuania, according to which the explosion could have been organized by the Russian special services to persuade the public of the danger of transport shipments across Lithuania and of the need to finance other routes, for instance St. Petersburg-Baltiysk ferry communications.

"What happened in Lithuania," Aleksandr Altukhov, first deputy chairman of the Kaliningrad railroad administration, stated in a talk with me, "has in no way affected the work of the Kaliningrad railroad workers. The trains have been running and are running...."

Whichever story turns out to be true, one conclusion can already be drawn: Traveling by Lithuania's railroads is not not without danger.

Belarus Border Talks Progress, Reach Protocol

LD0911152394 Vilnius Radio Vilnius Network in Lithuanian 1000 GMT 9 Nov 94

[FBIS Translated Text] An agreement was reached in Vilnius by Lithuanian and Belarusian negotiators on the delimitation of the state border at the confluence of the Pleva and Gauja rivers and finding the best option for the Pagiriai enclave which belongs to Lithuania.

The agreement reached was recorded in the protocol signed by both sides late on Tuesday afternoon. The protocol points out that this meeting became possible after scrupulous preparatory work was carried out by specialists of the two states.

The Pagiriai enclave emerged in the middle of the sixties when the Lithuanian-Belarusian border was determined according to the de facto ownership of land. The negotiators agreed that the problem of the enclave created during soviet times will soon be resolved by specialists on the organization of land exploitation of both states and by the heads of the border districts.

After the negotiations the enclave should disappear. However, Lithuania will be given a corresponding piece of land by Belarus.

The Lithuanian negotiators were headed by Rimantas Sidlauskas, secretary of the Lithuanian Ministry of Foreign affairs, and the Belarusian side was headed by Belarusian Deputy Foreign Minister Stanislaw Agurtsow.

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